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ABSTRACT

An assessment of future requirements for Illinois higher education operations and grants leads to the identification of some significant trends and problems. These include: (1) trends in enrollment and in financing higher education in Illinois for the period fiscal years 1966 to 1976; (2) projections of resource requirements for Illinois higher education operations and grants; and (3) additional resource requirements as well as financing issues. (Author/KE)

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AN ASSESSMENT OF FUTURE HIGHER EDUCATION RESOURCE REQUIREMENTS, INCLUDING THE ROLE OF TUITION: A Staff report for use in developing the Illinois Master Plan--Phase IV.

by J.E. Elsass

HE 007 951

State of Illinois
Board of Higher Education

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I. INTRODUCTION

This paper prepared by the staff of the Illinois Board of Higher Education is an assessment of future resource requirements for Illinois higher education operations and grants.

Predicting resource requirements is most difficult. Possibly the most useful outcome of projecting resource requirements as a part of a master planning study is to identify some of the significant trends which will possibly occur during the planning period. A further purpose is to identify early some of the problems which are likely to occur in the future.

The next decade in higher education will probably be considerably different than the last decade. While the previous decade was a period in which substantial enrollment growth occurred and substantial funding was provided, the next decade for higher education could be one of limited additional financial support and very modest enrollment growth followed by enrollment declines. The coming decade will be an opportunity to reassess priorities in Illinois higher education and to enhance the quality of existing higher education programs and activities.

Chapter II will present a summary of trends in enrollments and in financing higher education in Illinois for the period fiscal years 1966-1976 inclusive. Projections of resource requirements for Illinois higher education operations and grants, assuming no major changes, are presented in Chapter III. A revenue deficit is projected under all of the projections series. Chapter IV discusses additional resource requirements as well as financing issues for addressing the revenue deficit projected in Chapter III.

II. HISTORICAL TRENDS IN FINANCING ILLINOIS HIGHER EDUCATION

The following is a summary of trends in financing higher education in Illinois for the period, fiscal year 1966 through 1976. Financial data used for compiling these financing trends includes reports of actual expenditures of State appropriated funds and actual appropriations when spending data was not available.

Enrollment Growth

During the period FY1966 through 1975, substantial enrollment growth occurred in Illinois. Table II-1 shows headcount and full-time-equivalent (FTE) enrollment growth for this period. FTE enrollments grew from 238,131 in fiscal year 1966 to 382,537 in fiscal year 1975. Table II-2 shows an index of headcount and FTE enrollment growth by three major sectors-public universities, public community colleges and private colleges and universities. Substantial growth in headcount enrollment has occurred in the public universities and community colleges while modest enrollment growth has occurred among the private colleges and universities. However, there have been stable FTE enrollment levels since FY1972 in the public universities and in the private sector while FTE enrollments at the public community colleges have continued to increase during these years.

Growth in Financial Support

While there has been substantial enrollment growth during the period FY1966 through 1975, there has also been substantial growth in the level of State financial support. Tables II-3 A and B shows total State expenditures for higher education by major component for the period FY1966 through FY1976. Total State expenditures include general revenue tax appropriations and universities income fund appropriations. Universities income fund appropriations are comprised primarily of revenues collected through student tuition and fee charges by the public universities. This data shows that financial support increased from $206 million in FY1966 to $770 million in FY1976. Financial support to higher education has more than tripled during this period.

During the period FY1966 to FY1975 a number of new initiatives in Illinois higher education have been undertaken. Direct financial assistance to private colleges and universities has been provided through the Illinois Financial Assistance Act for Nonpublic Institutions of Higher Education since FY1972. This funding program supplements indirect assistance to private colleges and universities through grant programs of ISSC. A major health education program expansion was begun at both public and private universities. Substantial new funds have been allocated to public universities for expansion of an existing medical school and the creation of a new medical school. In addition, financial grants are made to private universities through the Health Services Grants Act for health education program expansion. Substantial

Table II-1

Historical Summary of Fall Headcount and Full-Time Equivalent (FTE) Enrollment by Major Sector, FY1966 through FY1975

	FY1966	FY1967	FY1968	FY1969	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975
Headcount Enrollment										
Public Universities	113,855	125,521	137,561	154,448	167,653	183,141	179,105	178,725	180,516	185,635
Public Community Colleges	63,948	68,034	83,246	102,414	121,845	142,486	163,830	185,328	226,109	267,349
Private Colleges & Universities	135,142	139,300	142,254	141,199	141,482	138,906	139,478	137,466	136,936	139,903
Total	312,945	332,855	363,061	398,061	430,980	464,533	482,413	501,519	543,561	592,887
Full-Time Equivalent Enrollment										
Public Universities	97,676	107,186	115,419	129,163	140,277	152,945	153,393	151,933	151,477	152,111
Public Community Colleges	39,865	43,491	52,533	64,293	77,776	89,505	102,608	106,463	106,576	119,707
Private Colleges & Universities	100,590	106,277	109,124	109,909	110,014	108,058	109,468	107,736	107,836	110,719
Total	238,131	256,954	277,076	303,365	328,067	350,508	365,469	366,132	365,889	382,537

Table II-2

Historical Summary of Fall Headcount and Full-Time Equivalent (FTE) Enrollment by Major Sector, FY1966 through FY1975, Indexed

	FY1966	FY1967	FY1968	FY1969	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975
Headcount Enrollment										
Public Universities	100.0	110.2	120.8	135.7	147.3	160.9	157.3	157.0	158.5	163.0
Public Community Colleges	100.0	106.4	130.2	160.2	190.5	222.8	256.2	289.8	353.6	418.1
Private Colleges & Universities	100.0	103.1	105.3	104.5	104.7	102.8	103.2	101.7	101.3	103.5
Total	100.0	106.4	116.0	127.2	137.7	148.4	154.2	160.3	173.7	189.4
Full-Time Equivalent Enrollment										
Public Universities	100.0	109.7	118.2	132.2	143.6	156.6	157.0	155.5	155.1	155.7
Public Community Colleges	100.0	109.1	131.8	161.3	195.1	224.5	257.4	267.0	267.3	300.3
Private Colleges & Universities	100.0	105.6	108.5	109.3	109.4	107.4	108.8	107.1	107.2	110.1
Total	100.0	107.9	116.4	127.4	137.8	147.2	153.5	153.7	153.7	160.6

Table II-3A

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR HIGHER EDUCATION,
FY1966 THROUGH FY1971

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	182,167	213,838	234,943	288,431	341,429	388,240
COMMUNITY COLLEGES	10,064	18,608	20,393	20,213	35,757	44,361
ISSC	4,381	5,923	10,629	19,425	29,579	37,165
BOARD OF HIGHER ED.	0	0	275	297	2,591	9,687
HEALTH SERV GRANTS	0	0	0	0	1,884	8,000
HECA	0	0	0	0	0	0
NON-PUBLIC FIN. ASSIST.	0	0	0	0	0	0
OPERATIONS	0	0	275	297	708	1,687
RETIREMENT	4,944	5,486	13,281	11,716	18,317	20,661
IBA RENTALS	5,249	7,812	23,370	18,568	28,685	35,800
TOTAL STATE EXPENDITURES	206,804	251,667	302,891	358,651	456,360	535,912

Table II-3B

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR HIGHER EDUCATION,
FY1972 THROUGH FY1976

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	APPROPRI -ATIONS FY1975	APPROPRI -ATIONS FY1976
PUBLIC UNIVERSITIES	393,458	416,177	438,486	478,398	506,922
COMMUNITY COLLEGES	51,610	61,941	76,624	90,563	97,281
ISSC	44,885	59,955	63,067	72,485	70,214
BOARD OF HIGHER ED.	19,207	16,878	22,829	24,307	30,014
HEALTH SERV GRANTS	12,925	9,840	15,665	16,672	21,362
HECA	0	327	350	648	790
NON-PUBLIC FIN. ASSIST.	5,315	5,829	5,896	6,000	6,768
OPERATIONS	968	882	917	987	1,094
RETIREMENT	14,517	17,517	19,720	24,486	28,479
IBA RENTALS	32,790	36,137	36,137	36,137	36,137
TOTAL STATE EXPENDITURES	556,466	608,605	656,862	726,376	769,043

improvements were made to the grant programs of the ISSC. These improvements have resulted in more than 50,000 students attending public and private institutions each year with an ISSC award of grant assistance. A substantial portion of the public community college system has been built and financed during this period. In addition, special programs for encouraging cooperation among all institutions, both public and private, have been initiated, special programs for disadvantaged students have been established and substantial gains in faculty and administrative salaries have been achieved. Two new public universities have been established to serve upper division and masters level student enrollment.

During the period, FY1966 through 1976, total general revenue tax funds for the State of Illinois grew from just over $1 billion in FY1966 to about $3.8 billion in FY1975. Currently, it is estimated that total general revenue tax funds for FY1976 will exceed $4 billion. Tables II-4 A and B shows the level of general revenue tax expenditures to Illinois higher education for the period fiscal year 1966 through 1976. During this period financial support grew from $197 million in FY1966 to $688 million in FY1976. An often-used measure of state financial support to higher education is the portion of state general revenue tax funds appropriated to higher education.

Table II-5 shows total general revenue tax funds for each of the Fiscal years 1966 to 1976. The table also shows the percentage share of general revenue tax funds appropriated to higher education institutions and programs. The data in Table II-5 indicate a substantial increase in the amount of general revenue tax funds available in FY1970. This major revenue increase was due primarily to the initiation of a State personal and corporate income tax. All other annual revenue increases have resulted from minor changes to the taxing structure and general growth in the State's economy.

Tables II-6 A and B shows total state expenditures for public universities by governing system and individual campuses. Tables II-7 A and B shows total general revenue tax support for public universities by governing system and individual campus. These two tables indicate that substantial growth in financial support for public universities has occurred during the last decade. In some cases, campus-by-campus appropriation and expenditure data were not available for the construction of these two tables.

Table II-8 shows total audited operating expenditures for the public community colleges by major functional area from fiscal year 1968 through 1975. This table shows that expenditures at the community colleges have more than quadrupled in this period. This reflects the major growth in enrollment which has occurred in this sector of Illinois higher education. Table II-9 shows total audited operating revenues for the public community colleges. These data indicate the degree to which community colleges rely on multiple revenue sources for financial support. Table II-10 shows the proportional amount from each of the five funding sources for FY1968 and FY1975.

Table II-4A

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR HIGHER EDUCATION
FY1966 THROUGH FY1971

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	172,986	192,773	230,296	265,059	316,299	350,836
COMMUNITY COLLEGES	10,064	18,608	20,393	20,213	35,757	44,361
ISSC	4,381	5,923	10,629	19,425	29,579	37,165
BOARD OF HIGHER ED.	0	0	275	297	2,591	9,687
HEALTH SERV GRANTS	0	0	0	0	1,884	8,000
WICHE	0	0	0	0	0	0
NON-PUBLIC FIN. ASSIST.	0	0	0	0	0	0
OPERATIONS	0	0	275	297	708	1,687
RETIREMENT	4,944	5,486	13,281	11,716	18,317	20,661
IBA RENTALS	5,249	7,812	23,370	18,568	28,685	35,800
TOTAL STATE EXPENDITURES	197,624	230,601	298,243	335,278	431,229	498,509

Table II-4B

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR HIGHER EDUCATION
FY1972 THROUGH FY1976

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	APPROPRI -ATIONS FY1975	APPROPRI -ATIONS FY1976
PUBLIC UNIVERSITIES	340,826	352,888	380,013	410,591	425,775
COMMUNITY COLLEGES	51,610	61,941	76,624	90,563	97,281
ISSC	44,885	59,955	63,007	72,485	70,214
BOARD OF HIGHER ED.	19,207	16,878	22,829	24,307	30,014
HEALTH SERV GRANTS	12,925	9,840	15,665	16,672	21,362
HECA	0	327	350	648	790
NON-PUBLIC FIN. ASSIST.	5,315	5,829	5,896	6,000	6,768
OPERATIONS	968	282	917	987	1,094
RETIREMENT	14,517	17,517	19,720	24,486	28,479
IBA RENTALS	32,790	36,137	36,137	36,137	36,137
TOTAL STATE EXPENDITURES	503,834	545,316	598,389	658,569	687,900

Table II-5

Total State General Revenue Tax Funds and Amount Appropriated to Higher Education - FY1966 through FY1976

(in thousands of dollars)

	Actual									Estimated	
	FY1966	FY1967	FY1968	FY1969	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975	FY1976
Total State General Tax Revenues	$1,022,001.2	$1,046,032.8	$1,330,953.4	$1,315,910.4	$2,349,952.3	$2,552,130.1	$2,769,300.9	$3,153,592.4	$3,572,627.5	$3,810,000.0	$4,100,000.0
General Tax Revenue Support of Higher Education	197,623.6	230,601.4	298,243.3	335,277.8	431,229.4	498,508.5	503,834.2	545,315.6	598,389.4	658,569.1	687,900.0
Percent of Total State General Tax Revenue Support to Higher Education	19.3	22.0	22.4	22.1	18.3	18.0	16.0	15.3	16.7	17.3	16.8

Table II-6A

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR PUBLIC UNIVERSITIES,
FY1966 THROUGH FY1971

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	182,167	213,838	236,943	288,431	341,429	388,240
BOARD OF GOVERNORS	20,332	26,772	32,425	43,705	49,676	59,304
CSU	2,722	4,213	5,287	8,318	8,133	9,480
EIU	7,347	8,965	10,035	12,501	14,677	16,295
GSU	0	0	0	0	267	1,669
NEIU	2,722	4,213	5,784	7,291	8,746	10,858
WIU	7,391	9,193	11,123	15,311	17,550	20,617
CCC	0	0	0	0	0	0
CENTRAL OFFICE	151	187	197	284	303	384
BOARD OF REGENTS	27,905	33,818	38,426	50,476	60,379	72,518
ISU	12,055	14,635	16,306	20,445	25,463	29,486
NIU	15,850	19,183	22,055	29,816	34,005	38,811
SSU	0	0	0	0	693	3,915
CENTRAL OFFICE	0	0	64	214	218	306
SOUTHERN ILL UNIV	35,757	43,939	47,978	55,571	72,429	78,222
CARBONDALE	0	0	0	0	0	0
EDWARDSVILLE	0	0	0	0	0	0
SYSTEM OFFICE	0	0	0	0	0	0
UNIV OF ILLINOIS	98,173	109,309	116,114	138,680	158,945	178,197
CHICAGO CIRCLE	12,528	17,548	19,489	26,964	32,969	36,909
MEDICAL CENTER	23,571	23,805	23,119	27,247	32,549	38,367
URBANA	60,362	65,585	70,231	80,601	89,047	97,504
GENERAL UNIV	2,146	2,371	3,275	3,867	4,379	5,417

Table II-6B

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR PUBLIC UNIVERSITIES,
FY1972 THROUGH FY1976

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	EXPEND -ITURES FY1975	EXPEND -ITURES FY1976
PUBLIC UNIVERSITIES	393,458	416,177	438,486	478,398	493,582
BOARD OF GOVERNORS	62,713	68,314	72,744	79,878	84,166
CSU	9,603	11,416	11,438	12,940	13,258
EIU	16,224	16,634	16,887	17,981	18,289
GSU	4,860	7,178	7,639	9,385	9,397
NEIU	10,993	11,565	14,049	13,804	14,580
WIU	20,592	21,179	21,730	24,615	26,198
CCC	0	0	639	759	1,915
CENTRAL OFFICE	351	343	362	394	530
BOARD OF REGENTS	74,521	79,818	81,767	87,214	91,395
ISU	29,517	30,658	31,475	34,136	36,290
NIU	39,344	40,236	41,286	43,359	44,980
SSU	5,364	7,814	8,676	9,382	9,712
CENTRAL OFFICE	296	310	331	362	403
SOUTHERN ILL UNIV	78,498	80,424	85,886	92,883	95,986
CARBONDALE	45,037	52,962	58,123	67,597	66,016
EDWARDSVILLE	23,647	26,656	27,190	24,572	29,220
SYSTEM OFFICE	9,814	806	572	715	751
UNIV OF ILLINOIS	177,726	188,421	198,089	218,425	235,375
CHICAGO CIRCLE	36,937	38,610	39,101	41,725	44,549
MEDICAL CENTER	40,255	44,753	46,650	54,966	60,053
URBANA	95,448	99,529	102,863	111,471	119,836
GENERAL UNIV	5,086	5,529	9,476	10,263	10,937

Table II-7A

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR PUBLIC UNIVERSITIES BY CAMPUS, FY1966 THROUGH FY1971

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	172,986	192,773	230,296	265,059	316,299	350,836
BOARD OF GOVERNORS	20,152	24,068	32,270	39,529	45,349	50,933
CSU	2,722	3,744	5,267	7,625	7,152	8,127
EIU	7,322	8,069	9,988	11,482	13,788	14,715
GSU	0	0	0	0	267	1,669
NEIU	2,722	3,744	5,759	6,477	8,118	8,122
WIU	7,236	8,324	11,059	13,660	15,722	17,917
CCC	0	0	0	0	0	0
CENTRAL OFFICE	151	187	197	284	303	384
BOARD OF REGENTS	26,948	30,288	38,228	44,944	55,183	65,009
ISU	12,021	13,463	16,215	18,501	23,873	26,897
NIU	14,928	16,825	21,949	26,229	30,399	34,033
SSU	0	0	0	0	693	3,774
CENTRAL OFFICE	0	0	64	214	218	306
SOUTHERN ILL UNIV	35,553	39,343	47,750	52,554	69,686	74,211
CARBONDALE	0	0	0	0	0	0
EDWARDSVILLE	0	0	0	0	0	0
SYSTEM OFFICE	0	0	0	0	0	0
UNIV OF ILLINOIS	90,333	99,073	112,048	128,032	146,081	160,683
CHICAGO CIRCLE	10,995	14,874	18,684	24,847	28,768	31,019
MEDICAL CENTER	21,719	21,601	22,064	26,312	29,272	37,372
URBANA	56,473	60,227	68,026	73,006	83,661	86,875
GENERAL UNIV	2,146	2,371	3,275	3,867	4,379	5,417

Table II-78

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR PUBLIC UNIVERSITIES BY CAMPUS, FY1972 THROUGH FY1976

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	EXPEND -ITURES FY1975	EXPEND -ITURES FY1976
PUBLIC UNIVERSITIES	340,826	352,888	380,013	410,591	425,775
BOARD OF GOVERNORS	51,547	56,028	60,753	63,531	63,342
CSU	7,795	9,706	9,806	10,019	9,776
EIU	13,961	13,492	14,254	14,778	14,386
GSU	4,640	6,957	6,860	8,148	7,806
NEIU	8,067	8,991	11,533	10,171	9,795
WIU	16,733	16,540	17,299	19,262	19,134
CCC	0	0	639	759	1,915
CENTRAL OFFICE	351	343	362	394	530
BOARD OF REGENTS	63,380	63,475	67,734	71,778	73,690
ISU	25,355	24,202	25,633	26,891	28,943
NIU	32,829	31,740	34,120	36,149	36,111
SSU	4,901	7,223	7,651	8,395	8,224
CENTRAL OFFICE	296	310	331	362	403
SOUTHERN ILL UNIV	69,740	72,600	78,120	83,935	83,854
CARBONDALE	40,111	48,402	52,908	58,649	57,754
EDWARDSVILLE	20,595	23,419	24,670	24,572	25,349
SYSTEM OFFICE	9,034	780	542	715	751
UNIV OF ILLINOIS	156,159	160,785	173,406	191,348	204,890
CHICAGO CIRCLE	29,528	29,012	29,670	33,243	34,155
MEDICAL CENTER	37,698	41,966	45,190	52,998	57,475
URBANA	83,847	84,278	89,070	96,789	102,568
GENERAL UNIV	5,086	5,529	9,476	8,318	10,692

Table II-8

Audited Operating Expenditures for Public Community Colleges, FY1968 through FY1975

(in thousands of dollars)

Function	FY1968	FY1969	FY1970	FY1971	FY1972	FY1973	FY1974	Budgeted FY1975
Instruction	$ 33,556.0	$ 48,704.6	$ 66,169.6	$ 76,570.5	$ 82,981.2	$ 93,793.5	$112,326.3	$134,475.1
Academic Support	2,499.5	4,229.9	5,823.3	6,636.4	7,487.6	8,045.7	8,579.5	10,362.2
Student Services	1,818.7	5,185.1	8,322.2	10,141.0	10,952.3	13,209.2	14,297.4	16,643.0
Public Services	-	330.7	385.9	219.7	435.9	925.4	1,566.3	2,061.6
Data Processing	-	-	-	-	4,064.9	4,014.2	3,838.8	1,317.1
General Administration	8,886.6	26,612.9	14,289.7	14,297.8	12,138.0	10,756.3	12,000.9	12,980.4
Auxiliary Services	-	1,912.3	2,675.6	897.1	964.8	1,182.1	731.2	1,080.9
O and M	5,220.3	9,943.5	12,868.2	17,833.6	14,948.3	19,443.5	22,406.7	28,504.6
Institutional Support	-	-	732.6	781.4	8,675.2	11,214.6	13,294.8	19,091.0
Other Functions	2,610.2	505.7	-	-	-	-	-	-
Total	$54,591.3	$97,424.7	$111,267.1	$127,377.5	$142,648.2	$162,584.5	$189,041.8	$226,535.9

Source: Reported Audited Operating Expenditures by Function by the Illinois Community College Board Staff

Table II-9

Audited Operating Revenues for Public Community Colleges,
FY1968 through FY1975

(in thousands of dollars)

	FY1968	FY1969	FY1970	FY1971	FY1972	FY1973	FY1974	Budgeted FY1975
Source of Funds								
Local Taxes and Charge Backs	$ 34,120.9	$ 53,840.3	$ 66,698.1	$ 65,529.3	$ 61,904.9	$ 77,658.0	$ 77,199.8	$ 77,802.1
Tuition and Student Fees	7,144.5	10,640.8	13,755.6	18,124.6	24,366.2	26,724.2	31,209.9	35,626.8
State Funds	17,429.7	26,007.2	37,678.2	49,725.7	51,787.5	59,516.0	80,326.0	90,570.4
Federal Funds	2,481.1	3,786.1	5,858.1	2,997.0	3,201.1	3,963.4	6,484.9	10,806.1
Other Sources	4,953.7	5,096.4	6,583.3	2,539.5	2,451.2	3,070.0	6,382.4	3,992.4
Total	$ 66,130.0	$ 99,371.5	$130,573.3	$138,916.0	$143,710.9	$170,931.6	$201,603.0	$218,797.8

Source: Reported Audited Revenues for Operations by Source of Funds from Illinois Community College Board Staff Records

Table II-10

Percentage Amount of Revenue
By Source of Fund, FY1968 and
1975, Public Community Colleges

Source of Funds	FY1968	FY1975 *
Local Taxes and Chargebacks	51.6%	35.6%
Tuition and Student Fees	10.8%	16.3%
State Funds	26.4%	41.4%
Federal Funds	3.8%	4.9%
Other Sources	7.4%	1.8%
Total	100.0%	100.0%

* Budgeted Revenues

This table shows that state funds and tuition and student fee revenue sources have been increasingly important in providing financial support to community colleges. Local tax revenue has been declining in importance. This is an indication of the failure of local property tax revenues to keep pace with enrollment growth in the community colleges and with general monetary growth in the economy.

Tables II-11 A and B shows the growth in financial awards to students through the monetary award programs of ISSC by the three major sectors of higher education. ISSC programs have increased from about $4.4 million in FY1966 to more than $73 million in FY1975. Growth in total dollars awarded as monetary grants to students enrolled in public universities grew from less than $1 million in FY1966 to $18.2 million in FY1975. Awards to students of private institutions grew from $3.6 million in FY1966 to almost $33.0 million in FY1975.

Table II-12 shows the growth in the number of monetary awards by major sector. The total number of monetary awards has increased ten-fold since fiscal year 1966. The largest growth in the number of monetary awards made has occurred in the public university and public community college sectors. From another perspective, 3.1 percent of total FTE enrollment received an ISSC monetary award in FY1966. By fiscal year 1975, more than 20 percent of the total FTE enrollment received an award. While total FTE enrollment does include graduate enrollments, and graduate students are not eligible for ISSC assistance, this measure does indicate the substantial growth in the scope of ISSC programs since fiscal year 1966.

Impact of Inflation on Financial Support

In recent years, inflation has reached record high levels. The impact of inflation is first felt by individuals in their personal and household budgets but inflation also has affected the financial support

Table II-11A

HISTORICAL SUMMARY OF ISSC MONETARY AWARDS BY MAJOR SECTOR OF HIGHER EDUCATION, FY1966 THROUGH FY1971

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
ISSC	4,381	5,923	10,629	19,425	29,579	37,165
PUBLIC UNIVERSITY	595	804	1,317	2,885	5,336	7,954
COMMUNITY COLLEGES	22	20	57	294	538	960
PRIVATE INSTITUTES	3,610	4,856	8,900	15,279	20,185	23,547
ADMINISTRATION	155	243	355	976	3,521	4,704

Table II-11B

HISTORICAL SUMMARY OF ISSC MONETARY AWARDS BY MAJOR SECTOR OF HIGHER EDUCATION, FY1972 THROUGH FY1975

(IN THOUSANDS OF DOLLARS)

	EXPEND-ITURES FY1972	EXPEND-ITURES FY1973	EXPEND-TURES FY1974	APPROPRI-ATIONS FY1975
ISSC	44,885	59,955	63,067	73,785
PUBLIC UNIVERSITY	11,602	18,107	18,232	18,154
COMMUNITY COLLEGES	1,573	2,315	2,598	3,288
PRIVATE INSTITUTES	25,948	30,668	32,890	34,628
ADMINISTRATION	5,762	8,864	9,347	17,715

Table II-12

Historical Summary of the Number of Monetary Awards Made By ISC,
FY1966 through FY1975

	FY1966	FY1967	FY1968	FY1969	FY1970	FY1971	FY1972	FY1973	FY1974	FY1975
Public Universities	2,359	3,169	5,258	11,306	16,181	20,952	24,787	31,863	32,751	32,427
Public Community Colleges	91	88	333	1,405	2,833	4,401	6,359	8,604	10,140	15,245
Private Colleges & Universities	5,041	5,531	10,292	16,704	19,256	23,016	25,747	29,121	29,553	30,413
Total	7,491	8,788	15,883	29,415	38,270	48,369	56,893	69,588	72,444	78,085

received by governmental agencies and institutions. Most governmental agencies and institutions cannot pass along the full impact of inflation by raising prices for services rendered. Therefore, governmental agencies and institutions must rely on the responsiveness of the state revenue structure to high rates of inflation. In Illinois, the State tax structure is responsive to inflationary levels.

The impact of inflation on financial support to Illinois higher education is shown in Tables II-13 A and B through II-18 A and B. In these tables, financial support has been adjusted to remove inflation, using the Gross National Product (GNP) Implicit Price Deflator series. The GNP Implicit Price Deflator is a method the Department of Commerce uses for expressing GNP in real dollar terms, reflecting the total range of goods and services produced. The following tables show support to Illinois higher education both as an index compared to the GNP deflator and in real, deflated dollars. The indices are expressed in 1000's and Fiscal year 1975 is used as the base year. Therefore, in reading the index, you must read back from Fiscal year 1975.

Tables II-13 A and B shows total State expenditures for higher education by major component. After adjustments for inflation, financial support to Illinois higher education has declined in recent years. Real dollar support for public universities, public community colleges, financial assistance programs for private institutions all declined in FY1975. Tables II-14 A and B shows real dollar support by major component provided by general revenue fund appropriations. When adjusted for inflation, general revenue tax support for most of the major components of Illinois higher education has also declined.

Tables II-15 A and B shows State appropriated financial support to Illinois higher education by major component, indexed to Fiscal Year 1975. An index of general revenue tax support is shown in Tables II-16 A and B by major higher educational component.

Tables II-17 A and B show total State expenditures for public universities deflated to 1966 dollars. Tables II-18 A and B show total State general revenue fund expenditures for public universities deflated to 1966 dollars.

Tables II-19 A and B shows ISSC monetary awards by the three major sectors deflated to Fiscal Year 1966 dollars. Monetary awards have also been affected by recent high levels of inflation.

Unfortunately, inflation has a great impact on higher education resource requirements. Higher education has been a labor intensive production enterprise. The largest single cost factor is personal wages and salaries. High levels of inflation erode wages and salaries and result in significant demands for increases in the personal services share of institutional budgets. If these demands are met, personal services become proportionally a larger share of the total institutional budget.

Table II-13A

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR HIGHER EDUCATION,
FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	182,167	207,187	219,655	258,660	290,405	313,780
COMMUNITY COLLEGES	10,064	18,029	19,066	18,127	30,414	35,853
ISSC	4,381	5,739	9,937	17,420	25,159	30,037
BOARD OF HIGHER ED.	0	0	257	266	2,204	7,829
HEALTH SERV GRANTS	0	0	0	0	1,602	6,466
HECA	0	0	0	0	0	0
NON-PUBLIC FIN. ASSIST.	0	0	0	0	0	0
OPERATIONS	0	0	257	266	602	1,363
RETIREMENT	4,944	5,315	12,417	10,507	15,580	16,698
IBA RENTALS	5,249	7,569	21,849	16,652	24,398	28,934
TOTAL STATE EXPENDITURES	206,804	243,840	283,181	321,631	388,160	433,130

Table II-13B

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR HIGHER EDUCATION,
FY1972 THROUGH FY1976, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	APPROPRI -ATIONS FY1975	APPROPRI -ATIONS FY1976
PUBLIC UNIVERSITIES	306,718	312,492	304,546	299,598	296,100
COMMUNITY COLLEGES	40,232	46,509	53,218	56,715	56,823
ISSC	34,990	45,018	43,803	45,394	41,013
BOARD OF HIGHER ED.	14,973	12,673	15,855	15,223	17,531
HEALTH SERV GRANTS	10,075	7,388	10,880	10,441	12,478
HECA	0	246	243	406	461
NON-PUBLIC FIN. ASSIST.	4,143	4,377	4,095	3,758	3,953
OPERATIONS	755	662	637	618	639
RETIREMENT	11,316	13,153	13,696	15,334	16,635
IBA RENTALS	25,561	27,134	25,099	22,631	21,108
TOTAL STATE EXPENDITURES	433,790	456,979	456,218	454,895	449,210

Table II-14A

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR HIGHER EDUCATION
FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	172,986	186,777	215,310	237,699	269,030	283,550
COMMUNITY COLLEGES	10,064	18,029	19,066	18,127	30,414	35,853
ISSC	4,381	5,739	9,937	17,420	25,159	30,037
BOARD OF HIGHER ED.	0	0	257	266	2,204	7,829
HEALTH SERV GRANTS	0	0	0	0	1,602	6,466
HECA	0	0	0	0	0	0
NON-PUBLIC FIN. ASSIST.	0	0	0	0	0	0
OPERATIONS	0	0	257	266	602	1,363
RETIREMENT	4,944	5,315	12,417	10,507	15,580	16,698
IBA RENTALS	5,249	7,569	21,849	16,652	24,398	28,934
TOTAL STATE EXPENDITURES	197,624	223,429	278,836	300,671	366,785	402,900

Table II-14B

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR HIGHER EDUCATION
FY1972 THROUGH FY1976, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	APPROPRI -ATIONS FY1975	APPROPRI -ATIONS FY1976
PUBLIC UNIVERSITIES	265,689	264,971	263,934	257,134	248,701
COMMUNITY COLLEGES	40,232	46,509	53,218	56,715	56,823
ISSC	34,990	45,018	43,803	45,394	41,013
BOARD OF HIGHER ED.	14,973	12,673	15,855	15,223	17,531
HEALTH SERV GRANTS	10,075	7,388	10,880	10,441	12,478
HECA	0	246	243	406	461
NON-PUBLIC FIN. ASSIST.	4,143	4,377	4,095	3,758	3,953
OPERATIONS	755	662	637	618	639
RETIREMENT	11,316	13,153	13,696	15,334	16,635
IBA RENTALS	25,561	27,134	25,099	22,631	21,108
TOTAL STATE EXPENDITURES	392,761	409,458	415,605	412,431	401,811

Table II-15A

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR HIGHER EDUCATION, FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS AND INDEXED

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	608	692	733	863	969	1,047
COMMUNITY COLLEGES	177	318	536	320	536	632
ISSC	97	126	219	384	554	662
BOARD OF HIGHER ED.	0	0	17	18	145	514
HEALTH SERV GRANTS	0	0	0	0	154	619
HECA	0	0	0	0	0	0
NON-PUBLIC FIN. ASSIST.	0	0	0	0	0	0
OPERATIONS	0	0	416	431	974	2,205
RETIREMENT	322	347	810	685	1,016	1,089
IBA RENTALS	232	334	965	736	1,078	1,279
TOTAL STATE EXPENDITURES	455	536	623	707	853	952

Table II-15B

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR HIGHER EDUCATION, FY1972 THROUGH FY1976, DEFLATED TO FY1966 DOLLARS AND INDEXED

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	APPROPRI -ATIONS FY1975	APPROPRI -ATIONS FY1976
PUBLIC UNIVERSITIES	1,024	1,043	1,017	1,000	988
COMMUNITY COLLEGES	709	820	938	1,000	1,002
ISSC	771	992	965	1,000	904
BOARD OF HIGHER ED.	984	833	1,042	1,000	1,152
HEALTH SERV GRANTS	965	708	1,042	1,000	1,195
NECA	0	605	599	1,000	1,137
NON-PUBLIC FIN. ASSIST.	1,103	1,165	1,090	1,000	1,052
OPERATIONS	1,220	1,071	1,031	1,000	1,034
RETIREMENT	738	858	893	1,000	1,085
IBA RENTALS	1,130	1,199	1,109	1,000	933
TOTAL STATE EXPENDITURES	954	1,005	1,003	1,000	988

Table II-16A

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR HIGHER EDUCATION, FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS AND INDEXED

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	673	726	837	924	1,046	1,103
COMMUNITY COLLEGES	177	318	336	320	536	632
ISSC	97	126	219	384	554	662
BOARD OF HIGHER ED.	0	0	17	18	145	514
HEALTH SERV GRANTS	0	0	0	0	154	619
HECA	0	0	0	0	0	0
NON-PUBLIC FIN. ASSIST.	0	0	0	0	0	0
OPERATIONS	0	0	416	431	974	2,205
RETIREMENT	322	347	810	685	1,016	1,089
IBA RENTALS	232	334	965	736	1,078	1,279
TOTAL STATE EXPENDITURES	479	542	676	729	889	977

Table II-16B

HISTORICAL SUMMARY OF STATE GENERAL REVENUE TAX EXPENDITURES FOR HIGHER EDUCATION, FY1972 THROUGH FY1976, DEFLATED TO FY1966 DOLLARS AND INDEXED

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	APPROPRI -ATIONS FY1975	APPROPRI -ATIONS FY1976
PUBLIC UNIVERSITIES	1,033	1,031	1,026	1,000	967
COMMUNITY COLLEGES	709	820	938	1,000	1,002
ISSC	771	992	965	1,000	904
BOARD OF HIGHER ED.	984	833	1,042	1,000	1,152
HEALTH SERV GRANTS	965	708	1,042	1,000	1,195
HECA	0	605	599	1,000	1,137
NON-PUBLIC FIN. ASSIST.	1,103	1,165	1,090	1,000	1,052
OPERATIONS	1,220	1,071	1,031	1,000	1,034
RETIREMENT	738	858	893	1,000	1,085
IBA RENTALS	1,130	1,109	1,109	1,000	933
TOTAL STATE EXPENDITURES	952	993	1,008	1,000	974

Table II-17A

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR PUBLIC UNIVERSITIES,
FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	182,167	207,187	219,655	258,660	290,405	313,780
BOARD OF GOVERNORS	20,332	25,939	30,315	39,193	42,252	47,930
CSU	2,722	4,082	4,943	7,459	6,918	7,662
EIU	7,347	8,686	9,382	11,210	12,484	13,170
GSU	0	0	0	0	227	1,349
NEIU	2,722	4,082	5,407	6,539	7,439	8,776
WIU	7,391	8,907	10,399	13,730	14,928	16,663
CCC	0	0	0	0	0	0
CENTRAL OFFICE	151	181	184	255	257	310
BOARD OF REGENTS	27,905	32,766	35,925	45,266	51,356	58,610
ISU	12,055	14,180	15,245	18,335	21,658	23,831
NIU	15,850	18,587	20,620	26,739	28,923	31,368
SSU	0	0	0	0	589	3,164
CENTRAL OFFICE	0	0	60	192	185	247
SOUTHERN ILL UNIV	35,757	42,573	44,856	49,835	61,605	63,220
CARBONDALE	0	0	0	0	0	0
EDWARDSVILLE	0	0	0	0	0	0
SYSTEM OFFICE	0	0	0	0	0	0
UNIV OF ILLINOIS	98,173	105,909	108,559	124,365	135,192	144,021
CHICAGO CIRCLE	12,528	17,002	18,221	24,181	28,042	29,830
MEDICAL CENTER	23,537	23,064	21,615	24,435	27,685	31,008
URBANA	60,962	63,545	65,065	71,626	75,112	77,978
GENERAL UNIV	2,146	2,297	3,062	3,468	3,725	4,378

Table II-17B

HISTORICAL SUMMARY OF STATE EXPENDITURES FOR PUBLIC UNIVERSITIES,
FY1972 THROUGH FY1976, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	EXPEND -ITURES FY1975	EXPEND -ITURES FY1976
PUBLIC UNIVERSITIES	306,718	312,492	304,546	299,598	288,307
BOARD OF GOVERNORS	48,888	51,294	50,524	50,024	49,162
CSU	7,556	8,572	7,944	8,104	7,744
EIU	12,647	12,490	11,729	11,261	10,683
GSU	3,789	5,390	5,305	5,877	5,489
NEIU	8,569	8,684	9,758	8,645	8,516
WIU	16,052	15,902	15,092	15,415	15,302
CCC	0	0	444	476	1,119
CENTRAL OFFICE	274	257	251	246	309
BOARD OF REGENTS	58,092	59,331	56,791	54,618	53,385
ISU	23,010	23,020	21,860	21,374	21,197
NIU	30,671	30,212	28,675	27,154	26,273
SSU	4,181	5,867	6,026	5,875	5,673
CENTRAL OFFICE	231	233	230	226	236
SOUTHERN ILL UNIV	61,193	60,388	59,651	58,168	56,067
CARBONDALE	35,108	39,767	39,369	39,969	38,561
EDWARDSVILLE	18,434	20,015	18,885	17,751	17,068
SYSTEM OFFICE	7,650	605	398	447	438
UNIV OF ILLINOIS	138,545	141,479	137,581	136,789	137,486
CHICAGO CIRCLE	28,794	28,991	27,157	26,131	26,021
MEDICAL CENTER	31,381	33,603	32,400	34,422	35,078
URBANA	74,406	74,733	71,443	69,809	69,998
GENERAL UNIV	3,964	4,152	6,581	6,427	6,389

Table II-18A

HISTORICAL SUMMARY OF STATE GENERAL REVENUE EXPENDITURES FOR PUBLIC UNIVERSITIES BY CAMPUS, FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
PUBLIC UNIVERSITIES	172,986	186,777	215,310	237,699	269,030	283,550
BOARD OF GOVERNORS	20,152	23,319	30,170	35,449	38,572	41,165
CSU	2,722	3,627	4,925	6,838	6,083	6,568
EIU	7,322	7,818	9,338	10,297	11,727	11,892
GSU	0	0	0	0	227	1,349
NEIU	2,722	3,627	5,384	5,809	6,905	6,564
WIU	7,236	8,065	10,339	12,250	13,373	14,481
CCC	0	0	0	0	0	0
CENTRAL OFFICE	151	181	184	255	257	310
BOARD OF REGENTS	26,948	29,346	35,741	40,305	46,936	52,541
ISU	12,021	13,044	15,160	16,591	20,305	21,738
NIU	14,928	16,302	20,520	23,521	25,856	27,506
SSU	0	0	0	0	589	3,050
CENTRAL OFFICE	0	0	60	192	185	247
SOUTHERN ILL UNIV	35,553	38,119	44,643	47,129	59,272	59,978
CARBONDALE	0	0	0	0	0	0
EDWARDSVILLE	0	0	0	0	0	0
SYSTEM OFFICE	0	0	0	0	0	0
UNIV OF ILLINOIS	90,333	95,992	104,757	114,817	124,250	129,866
CHICAGO CIRCLE	10,995	14,411	17,468	22,283	24,469	25,070
MEDICAL CENTER	21,719	20,929	20,628	23,596	24,898	30,205
URBANA - GRF	56,473	58,354	63,004	64,814	70,530	69,387
GENERAL UNIV	2,146	2,297	3,062	3,468	3,725	4,378

Table II-18B

HISTORICAL SUMMARY OF STATE GENERAL REVENUE EXPENDITURES FOR PUBLIC UNIVERSITIES BY CAMPUS, FY1972 THROUGH FY1976, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -ITURES FY1974	EXPEND -ITURES FY1975	EXPEND -ITURES FY1976
PUBLIC UNIVERSITIES	265,689	264,971	263,934	257,134	248,701
BOARD OF GOVERNORS	40,183	42,069	42,195	39,786	36,999
CSU	6,077	7,288	6,811	6,274	5,710
EIU	10,883	10,131	9,900	9,255	8,403
GSU	3,617	5,224	4,764	5,103	4,560
NEIU	6,288	6,751	8,010	6,370	5,721
WIU	13,044	12,419	12,015	12,063	11,177
CCC	0	0	444	476	1,119
CENTRAL OFFICE	274	257	251	246	309
BOARD OF REGENTS	49,408	47,661	47,044	44,951	43,043
ISU	19,765	18,173	17,803	16,840	16,906
NIU	25,592	23,832	23,697	22,638	21,093
SSU	3,820	5,423	5,314	5,258	4,804
CENTRAL OFFICE	231	233	230	226	236
SOUTHERN ILL UNIV	54,365	54,513	54,257	52,564	48,980
CARBONDALE	31,268	36,343	36,747	36,729	33,735
EDWARDSVILLE	16,055	17,584	17,134	15,388	14,807
SYSTEM OFFICE	7,042	585	376	447	438
UNIV OF ILLINOIS	121,733	120,728	120,438	119,832	119,678
CHICAGO CIRCLE	23,018	21,784	20,607	20,819	19,950
MEDICAL CENTER	29,388	31,510	31,386	33,190	33,572
URBANA	65,363	63,282	61,863	60,614	59,911
GENERAL UNIV	3,964	4,152	6,581	5,209	6,245

Table II-19A

HISTORICAL SUMMARY OF ISSC MONETARY AWARDS BY MAJOR SECTOR OF HIGHER EDUCATION, FY1966 THROUGH FY1971, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1966	EXPEND -ITURES FY1967	EXPEND -ITURES FY1968	EXPEND -ITURES FY1969	EXPEND -ITURES FY1970	EXPEND -ITURES FY1971
ISSC	4,381	5,739	9,937	17,420	25,159	30,037
PUBLIC UNIVERSITY	595	779	1,231	2,587	4,538	6,428
COMMUNITY COLLEGES	22	19	53	264	457	776
PRIVATE INSTITUTES	3,610	4,704	8,321	13,694	17,169	19,031
ADMINISTRATION	154	257	279	1,202	5,385	6,845

Table II-19B

HISTORICAL SUMMARY OF ISSC MONETARY AWARDS BY MAJOR SECTOR OF HIGHER EDUCATION, FY1972 THROUGH FY1975, DEFLATED TO FY1966 DOLLARS

(IN THOUSANDS OF DOLLARS)

	EXPEND -ITURES FY1972	EXPEND -ITURES FY1973	EXPEND -TURES FY1974	APPROPRI- ATIONS FY1975
ISSC	34,990	45,018	43,803	46,208
PUBLIC UNIVERSITY	9,044	13,596	12,663	11,369
COMMUNITY COLLEGES	1,227	1,739	1,805	2,059
PRIVATE INSTITUTES	20,228	23,028	22,843	21,686
ADMINISTRATION	4,491	6,656	6,492	11,094

At the same time that the rate of inflation began to increase, enrollments began to level off or decline in many schools. Thus looking at the impact of inflation alone without examining unit costs is somewhat misleading.

Public universities and public community colleges in Illinois have been participating in a statewide study of costs for almost a decade. A review of these cost study reports over time shows that financial support to Illinois higher education has been remarkably stable. Table II-20 shows instructional costs by undergraduate and graduate levels for public universities for the period FY1967 through 1974, adjusted to FY1966 dollars. Undergraduate credit hour costs were $39.50 in FY1967 and $37.60 in FY1974. The costs for all activities at public universities excluding maintenance of physical plant have not changed during this period. They were $45.70 in FY1967 and in FY1974. The data in this table from a different perspective indicates the impact inflation has had on funding support for higher education as well as the funding choices which have been made by the colleges and universities.

Data shown in Table II-21 is also based on the statewide cost study. This data is taken from the public university and community college studies, showing the percentage of total costs attributed to instructional activities. These percentages have not changed significantly over time. The percentage of total costs allocated to instructional activities has actually increased slightly in recent years.

Comparisons With Other States

Another measure of a state's financial support to higher education is a comparison to levels of support in other states. Recently, the State of Washington Council on Higher Education completed a report entitled Financial Support of Higher Education in Washington. In this report, there is higher education financial support data from all 50 states. Table II-22 shows combined state and local appropriations for higher education per FTE student. With this measure Illinois ranks third in financial support per student. Table II-23 shows combined state and local appropriations for higher education per $1,000 of per capita personal income. With this measure Illinois ranks sixteenth among the other states. The final measure selected from the State of Washington Report is shown in Table II-24. This table shows combined state and local appropriations for higher education on a per capita basis. Illinois ranks ninth, substantially above the national average.

While these measures were based on data for only Fiscal Year 1974, they do indicate that relative to other states Illinois has provided substantial financial support to higher education. It is an accomplishment of which the citizens of Illinois can be proud.

Table II-20

Instructional Costs per Credit Hour for Public Universities, FY1966 through FY1974, Deflated to FY1966 Dollars

Fiscal Years	Instructional			Grand Total-All Costs	
	Undergraduate	Graduate	Total	Less O and M of Physical Plant	Total
1967	$39.5	$ 96.2	$47.1	$45.7	$55.1
1968	39.8	98.1	47.5	46.8	55.6
1969	39.7	98.7	47.4	46.5	54.4
1970	40.2	100.1	48.4	47.7	55.4
1971	40.8	103.8	49.5	47.6	55.1
1972	Incomplete Cost Study Report Data Available				
1973	39.6	101.2	47.9	47.1	54.3
1974	37.6	92.1	45.8	45.7	52.7

Source: Statewide Cost Study Reports for Public Universities, Illinois Board of Higher Education

Table II-21

Total Instructional Costs as a Percentage of Total Costs, Public Universities, Public Community Colleges and Combined, FY1967 through FY1974

Fiscal Years	Public Universities		Public Community Colleges		Combined All Public	
	Less O and M of Physical Plant	Total	Less O and M of Physical Plant	Total	Less O and M of Physical Plant	Total
1967	84.88%	85.39%				
1968	85.14	85.32				
1969	86.85	86.91	Cost Study Not begun until FY1970			
1970	87.25	87.36	97.95%	97.94%	90.23%	90.23%
1971	89.80	89.92	99.07	99.07	92.54	92.56
1972	87.24	87.33	98.56	98.63	90.78	90.83
1973	87.82	88.12	97.88	97.98	91.20	91.38
1974	86.71	86.91	98.38	98.48	91.12	90.90

Source: Statewide Cost Study Reports for Public Universities and Public Community Colleges

Table II-22

Combined State and Local Appropriations for Higher Education
Per FTE Enrollment, FY1974

State	Amount	Rank in 1972-73
1. New York	$3634	2
2. Alaska	3477	1
3. Illinois	2726	3
4. Wisconsin	2624	6
5. Pennsylvania	2564	5
6. Iowa	2528	9
7. South Carolina	2368	14
8. New Jersey	2357	4
9. Georgia	2355	13
10. Wyoming	2295	31
11. North Carolina	2277	11
12. Kansas	2277	38
13. Florida	2187	7
14. Mississippi	2164	12
15. Indiana	2119	19
16. Michigan	2117	22
17. Ohio	2095	21
18. Idaho	2083	20
19. Maryland	2081	15
20. Missouri	2035	17
21. Kentucky	2034	8
22. Arizona	2030	26
23. Arkansas	1997	41
24. Rhode Island	1979	16
25. Connecticut	1938	18
26. Maine	1867	29
27. California	1835	23
28. Minnesota	1817	27
29. Delaware	1794	40
30. Montana	1789	44
31. Oregon	1782	36
32. West Virginia	1782	25
33. Hawaii	1759	10
34. Texas	1749	28
35. Washington	1725	33
36. Nevada	1722	24
37. Virginia	1695	30
38. Alabama	1687	46
39. Massachusetts	1667	32
40. Louisiana	1644	34
41. Tennessee	1610	39
42. Nebraska	1607	35
43. Utah	1560	45
44. New Mexico	1537	37
45. Colorado	1506	42
46. South Dakota	1436	47
47. Vermont	1419	43
48. North Dakota	1294	48
49. Oklahoma	1186	49
50. New Hampshire	1026	50
National Average	1977	

Source: Council of Higher Education, State of Washington

Table II-23

Combined State and Local Appropriations for Higher Education on a Per Capita Basis, FY1974

State	Amount	Rank in 1972-73
1. Arizona	$88.31	2
2. Wisconsin	86.46	5
3. Wyoming	84.48	7
4. New York	79.66	8
5. Kansas	77.36	15
6. California	75.90	4
7. Alaska	70.91	3
8. Washington	68.25	9
9. Hawaii	68.13	1
10. Oregon	67.94	12
11. Illinois	64.17	6
12. Michigan	61.97	14
13. Idaho	59.65	11
14. Delaware	58.59	21
15. Mississippi	58.56	13
16. Iowa	57.82	22
17. Colorado	57.78	10
18. Utah	57.72	16
19. North Carolina	54.15	23
20. Montana	53.80	27
21. South Carolina	52.64	33
22. Maryland	52.36	19
23. North Dakota	50.66	26
24. New Mexico	50.03	17
25. Florida	49.18	18
26. Texas	48.81	20
27. Nevada	48.33	37
28. Minnesota	48.21	24
29. Georgia	46.28	38
30. Missouri	46.00	28
31. West Virginia	45.75	29
32. Indiana	45.73	32
33. Ohio	45.59	35
34. Kentucky	44.54	25
35. Nebraska	44.36	30
36. Pennsylvania	43.10	42
37. Rhode Island	43.89	31
38. New Jersey	42.32	40
39. Virginia	42.62	34
40. Louisiana	42.53	36
41. Alabama	41.60	47
42. Vermont	39.60	41
43. Connecticut	38.93	39
44. Maine	38.65	44
45. South Dakota	38.09	43
46. Oklahoma	37.02	46
47. Arkansas	36.82	48
48. Tennessee	35.96	45
49. Massachusetts	30.99	49
50. New Hampshire	21.92	50
National Average	57.91	

Source: Council of Higher Education, State of Washington

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Table II-24

Combined State and Local Appropriations for Higher Education Per $1,000 of Per Capita Personal Income, FY1974

State	Appropriations Per $1,000 Income	Rank in 1972-73
1. Arizona	$18.82	2
2. Wisconsin	18.20	3
3. Wyoming	17.99	8
4. Mississippi	16.47	1
5. Kansas	14.59	24
6. Utah	14.17	10
7. Oregon	14.05	12
8. New York	13.96	25
9. California	13.75	6
10. South Carolina	13.56	19
11. Idaho	13.52	5
12. Washington	13.24	11
13. New Mexico	12.98	9
14. North Carolina	12.60	15
15. Hawaii	12.30	3
16. Alaska	11.95	7
17. West Virginia	11.55	17
18. Montana	11.49	22
19. Colorado	11.49	13
20. Michigan	11.16	26
21. Illinois	11.12	16
22. Kentucky	11.04	14
23. Iowa	10.97	27
24. Louisiana	10.82	23
25. Alabama	10.75	39
26. Texas	10.68	20
27. Georgia	10.53	30
28. Delaware	10.14	37
29. Florida	9.99	21
30. Vermont	9.77	36
31. Maryland	9.54	33
32. Missouri	9.50	29
33. Maine	9.47	38
34. Minnesota	9.39	28
35. Arkansas	9.32	43
36. Indiana	9.17	35
37. Rhode Island	9.07	32
38. Ohio	8.98	41
39. North Dakota	8.90	18
40. Pennsylvania	8.83	45
41. Tennessee	8.78	42
42. Virginia	8.72	34
43. Oklahoma	8.53	44
44. Nebraska	8.42	31
45. Nevada	8.41	46
46. South Dakota	8.08	40
47. New Jersey	7.34	47
48. Connecticut	6.56	48
49. Massachusetts	5.90	49
50. New Hampshire	4.67	50
National Average	11.01	

Source: Council of Higher Education, State of Washington

III. RESOURCE REQUIREMENTS FOR THE FUTURE

Developing accurate, realistic, and understandable projections of resource requirements for higher education in Illinois is a difficult task. Many factors are involved, their interrelationships are complex, and a significant degree of uncertainty cannot be avoided even under the best of circumstances. The projection techniques used in this chapter were selected because they seemed most likely to provide an understandable and useful representation of the coming years. While these projections cannot be assumed to predict accurately future conditions in minute detail, they should provide a broad perspective within which policy decisions concerning the future may be made. The factors considered in the projections and the assumptions used will be stated throughout, so that the logic of the projection techniques may be evaluated by the reader.

A primary factor used in the projections of resource requirements was expected FTE enrollments. The enrollment projections developed in an earlier Master Plan-Phase IV report were used. (The procedures used to develop those projections are discussed in that report). The resources required per FTE student in each sector of higher education were established using historical enrollment and financial support data. In most cases these unit costs were the foundation of the resource requirement projection. Projections were developed by applying these unit costs to expected enrollment growth with adjustments to reflect program expansion, various rates of inflation, and other factors.

The resource requirement projections primarily focus on higher education institutions, agencies, programs and activities which rely on State appropriated funds for financial support. As has been shown in an earlier chapter of this report, most sectors of Illinois higher education receive some State financial support in the form of direct or indirect grants. The projections do not include those higher education programs and activities which have historically been financed through non-appropriated funds. For example, the projections for public universities do not include organized research activities which are currently supported by non-appropriated sources of funds. Likewise, non-appropriated funds for auxiliary enterprises are not included, but any existing state subsidies for these activities are included.

In the case of the public community colleges total resource requirements have been projected. This was done because the community colleges rely on two sources of public tax funds. The local property tax revenue share is unlikely to keep pace with inflation or with enrollment growth, thus creating a potential revenue shortfall.

The resource requirement projections begin with the basic assumption that no major changes will occur in the nature and characteristics of higher education. Since it is impossible to predict with any degree of accuracy what specific changes might occur by 1985, the projections start with a series based on the existing conditions and conclude with

a discussion of how these conditions could be changed to bring about different future outcomes. The projection series could be changed futher to reflect other assumptions thus resulting in significantly different outcomes.

The base projection series is based on the following assumptions:

1. The existing form of state financial support to Illinois higher education will remain unchanged. Under this assumption public universities will continue to depend heavily on the support of State general revenue tax appropriations. Community colleges will continue to rely on a mixture of funding sources including state appropriated grants, local tax revenues, and student tuition and fees.

2. Student financial assistance programs will continue to be adjusted to meet the growth in the number of students seeking and receiving monetary awards as well as increases in tuition.

3. State financial assistance to private colleges and universities will continue to be increased to meet inflationary cost growth.

4. The tuition policies experienced in recent years in the three sectors of higher education will remain unchanged. Tuition rates at the public community colleges and private colleges and universities will be increased in proportion to general price inflation. Tuition rates at the public universities will remain unchanged.

5. Financial support for higher education activities such as those supported through the Higher Education Cooperation Act will continue to be increased to reflect the impact of inflation.

6. No changes will be made to the current method of financing the State Universities Retirement System. The employer contributions will continue to be made at a level sufficient to cover minimum payout requirements.

The staff report on enrollment projections provides data on expected full-time-equivalent (FTE) enrollments by the categories of baccalaureate and occupational, general studies, and graduate programs. These projections did not indicate how these enrollments would be distributed among the three sectors of higher education (public universities, public community colleges and private institutions). With the resource requirement projection technique used, projected enrollments by these three sectors were necessary.

For these projections, all general studies enrollment was assigned to the public community colleges since historically almost the entire

enrollment in this category has been at the public community colleges. The assignment of baccalaureate and occupational enrollment growth was not as easy. In recent years the public community colleges' share of this enrollment category has grown while enrollments at the private institutions and public universities have been relatively stable. It is tempting to continue the projection of this historical trend line. However, there are several reasons such a projection may not be realistic. First, community colleges have been in a developmental phase during the last decade. Fall term FTE enrollments at the community colleges have grown from 29,000 in Fiscal Year 1966 to more than 119,000 in Fiscal Year 1975. The second reason is that community college districts have been expanding in number and territory during the historical period in question. Currently, almost the entire state is covered by community college districts. A continuance of the historical enrollment trend lines implies that existing community colleges will continue to attract a larger share of the baccalaureate and occupational student pool even though community colleges are nearing the end of their developmental phase and the number of districts and the scope of territory will not expand as they have in the past. Such a continuance implies that there will be a set of statewide policies which will encourage enrollments at community colleges at the expense of the public university and private sectors.

For resource requirement projection purposes such a statewide policy implication was not assumed. The resource projections are based on the assumption that baccalaureate and occupational enrollments through FY1982 will grow in proportion to the existing distribution among the three sectors. Thus the resource requirement projections are based on these enrollment assumptions:

1. Growth in general studies enrollment will occur entirely in the public community college sector.

2. Undergraduate enrollment growth will occur in the three sectors in proportion to the percentage shares of undergraduate baccalaureate and occupational enrollments which now exist. Therefore, the enrollment projections assume that none of the three sectors will gain a proportionately larger share of undergraduate baccalaureate and occupational enrollment during the projection period.

3. Growth in graduate enrollment will be distributed among the public universities and private colleges and universities in proportion to the existing distribution.

While some may argue with certain of these assumptions, it will be shown later in this chapter that from a statewide viewpoint the precise distribution of the total enrollment among the three sectors is not a critical factor in determining the total level of resources required. Only unprecedented shifts from one sector to another would have a significant impact on the resource projections.

A further assumption relative to these enrollment projections by sector is that no major policy changes will occur in Illinois higher education. As an example, a change in the policy of providing financial support to graduate students at public universities would affect the level of graduate enrollment. No such changes have been projected.

The enrollment projections by sector and student level are shown in Table III-1. These enrollment projections are for the fall term, normally counted and reported as of the 10th day of the term. For the public community colleges, funding is based on apportionment enrollments as of the middle of each academic term. In recent years annual apportionment enrollments for the full year have been significantly higher than the enrollments at the fall term reporting date. A factor reflecting these higher apportionment enrollments was incorporated before resource projections were made.

Inflation, like enrollment changes, is expected to continue to have a significant effect on the resource requirements of higher education. It is impossible to forecast future levels of inflation with any degree of accuracy. While economists disagree about specific future inflationary trends, most concur that inflation levels in the future will exceed those rates experienced during the last decade. For this reason, three separate levels of inflation were used to project higher education resource requirements. The inflation rates used in the three projection series are:

Series I	6 percent inflation
Series II	8 percent inflation
Series III	10 percent inflation

The Projection Techniques

The following is a brief discussion of the resource projection techniques for each of the major higher education components.

Public Universities

Projected resource requirements for the public universities were based on projected changes in enrollment, inflation rates, new requirements for health program expansion through FY1980, and improved productivity. Enrollment growth in these projections was funded at 50 percent of the average cost per FTE student. This view of enrollment growth is based upon a marginal cost concept. Such a concept assumes that new students enrolled at established institutions do not require new financial support equivalent to the total average cost per FTE student. The most recent BHE Cost Study data supports this assumption. The data reveal that the marginal cost for new enrollment in the public universities has been approximately 50 percent of the average total cost per student.

Table III-1

Projected Full-Time Equivalent (FTE) Enrollment for Public Universities, Public Community Colleges and Private Colleges and Universities, FY1977 through FY1985*

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Public Universities	164,506	170,012	174,119	177,007	178,684	178,223	178,223	176,340	173,191
Undergraduate	135,802	138,860	141,671	143,407	144,316	143,861	142,415	140,100	136,711
Graduate/Professional	28,704	31,152	32,448	33,600	34,368	35,136	35,808	36,240	36,480
Public Community Colleges	139,381	143,866	148,157	151,511	154,420	154,166	153,238	151,533	149,090
Undergraduate									
Baccalaureate and Occupational	108,681	111,0661	113,257	114,611	115,320	114,966	113,838	112,033	109,390
General Studies	30,700	32,800	34,900	36,900	39,100	39,200	39,400	39,500	39,700
Private Colleges and Universities	117,613	122,222	125,424	127,782	129,196	129,737	129,539	128,527	126,619
Undergraduate	86,517	88,474	90,272	91,382	91,964	91,673	90,747	89,267	87,099
Graduate/Professional	31,096	33,748	35,152	36,400	37,232	38,064	38,792	39,260	39,520
Total	421,500	436,100	447,700	456,300	462,300	462,900	461,000	456,400	448,900
Undergraduate									
Baccalaureate and Occupational	331,000	338,400	345,200	349,400	351,600	350,500	347,000	341,400	333,200
General Studies	30,700	32,800	34,900	36,900	39,100	39,200	39,400	39,500	39,700
Graduate/Professional	59,800	64,900	67,600	70,000	71,600	73,200	74,600	75,500	76,000

* Fall Term Enrollments

The resource requirement projections also include an annual negative adjustment for productivity gains. These productivity gains are assumed to be one percent annually for the projections.

The projections also include incremental amounts for continuing the expansion of health education programs through fiscal year 1980. The incremental amounts added for this purpose were:

FY1977	$5.6 million
FY1978	4.1 million
FY1979	3.4 million
FY1980	2.2 million

These incremental amounts were inflated at the appropriate rate for each of the three projection series. After FY1980, no increments for health education programs at public universities are included in the projections. No funds have been added for funding other new and expanded programs.

For the resource requirement projections, enrollments were weighted to reflect the higher costs of graduate and professional educational programs. Graduate enrollments were weighted at three times undergraduate enrollments. For example, if an institution has 1,000 undergraduate and 500 graduate FTE students, the weighted enrollment for resource projection purposes is 2,500 - 1,000 + (3 x 500) = 2,500.

Public Community Colleges

The resource requirement projections for the public community colleges were based on an approach similar to that used for the public universities. This approach uses projected enrollments, productivity gains, and funding new enrollments at the 50 percent marginal cost rate. For resource requirement projections, the projected fall FTE enrollment has been converted to annual apportionment enrollment. The ratio for annual apportionment enrollment to fall term enrollment in FY1975 was 1.13. In earlier years this ratio had been quite close to 1.0. Projected annual apportionments were based on the following ratios of annual apportionment enrollments to fall term FTE enrollments:

FY1977	113 percent
FY1978	110 percent
FY1979	108 percent
FY1980	108 and thereafter through FY1985

The resource requirements projected for community colleges include only the amounts of state grants assuming there are no changes to the current method of financing community colleges. However, financing community college resource requirements is a special issue to be discussed later in this report.

Illinois State Scholarship Commission

Resource requirements for the Illinois State Scholarship Commission are based on the assumption that no major program changes will be made. These resource requirements were developed from the projected enrollment growth by sector and the inflation rates for each of the projection series. However, the inflation rates are not included in the projected requirements for monetary awards in the public university sector since the projection series includes no tuition rate increases for this sector. The projected requirements for ISSC are based on the assumption that ISSC programs will be adjusted periodically to recognize tuition rate increases at private colleges and universities by increasing the maximum award. It has also been assumed that Federally funded financial assistance programs will continue to expand. For example, the Federal Basic Educational Opportunity Grant program has been growing rapidly. It is anticipated that these grants will meet the financial needs of students which are not currently met by ISSC programs. The ISSC monetary award program assists needy students in the payment of tuition and fees. The Basic Educational Opportunity Grant program will provide financially needy students assistance for other costs of education such as room, board and transportation.

Administrative support for ISSC was projected based on inflation levels with annual negative adjustments to base appropriations for productivity gains.

Financial Assistance to Private Colleges and Universities

The resource projections for the Illinois Financial Assistance Act assume no major substantive changes to the current program. The projection takes into consideration the inflation levels included in each projection series, and assumes that the current program will be adjusted periodically to keep pace with inflation.

Health Services Grants Act

Resource requirements for this program will begin to stabilize by Fiscal Year 1980 primarily because the State's commitments to provide grants for needed capital construction should have been completed by that time. During the period Fiscal Year 1977 through 1985, it was assumed that requirements for operating grants would grow in proportion to the rates of inflation.

Higher Education Cooperation Act

Funding requirements for these programs were projected to grow in proportion to inflation rates. Included in this grant program is the funding of the Mid-Illinois Computer Consortium, a joint computer program for six public universities.

Board of Higher Education

The projections assume that resource requirements for the Board of Higher Education will grow in proportion to inflation rates. The projections include an annual negative adjustment of one percent to base appropriations for productivity gains.

Retirement

Projections for employer retirement contributions to the State University Retirement System are based on estimates provided by the State University Retirement System staff. The projected amounts are the levels which will be required to meet minimum "payout" levels under an inflation rate of three percent. Relative to the projection for other components of higher education, these estimates are quite conservative.

IBA Rentals

Rental payments to the Illinois Building Authority probably will not decline until after fiscal year 1985. This assumes that those bond issues callable during the projection period will not be called because the interest rates on those issues are much lower than those on current bonds.

The Projections

Tables III-2 through 4 show resource requirements for each of the major components of higher education. Each of these tables shows resource requirements for a separate projection series. The projected resource requirements for the public community colleges on Tables III-2 through 4 include only the state funded portion. Tables III-5 through 7 show total projected resource requirements and revenue sources for the public community colleges. The projections in these tables show that public community colleges will have substantial revenue shortfalls throughout the planning period. Under projection series I (6 percent inflation), the revenue shortfall is projected to be $7.7 million in FY1977. By FY1985, it will be more than $26 million. The special financing issue of public community colleges will be discussed in greater detail later.

Tables III-8 through 10 show total resource requirements for higher education, total projected amounts for the Universities Income Fund and the net amount to be financed by general revenue tax appropriations. The percentage amount shown is the percentage of the total projected State general revenue taxes which will be required for higher education. As can be observed from Table II-5 in Chaper II, the percentage share of total general revenue tax appropriations allocated to higher education has varied substantially since Fiscal Year 1966, but during the last five years it has averaged about a 16.38 percent.

Table III-2

Higher Education Operations and Grants, Resource Requirements for FY1977 through FY1985, Series I

(in thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Public Universities	$544,497.0	$582,875.0	$633,509.0	$ 672,767.0	$ 720,921.0	$ 758,686.0	$ 796,435.0	$ 833,596.0	$ 869,778.0
Community Colleges	111,482.0	117,236.0	124,150.0	131,288.0	139,095.0	145,815.0	152,558.0	159,230.0	165,715.0
Grants	110,800.0	116,520.0	123,400.0	130,500.0	138,270.0	144,950.0	151,650.0	158,280.0	164,720.0
Operations	682.0	716.0	750.0	788.0	825.0	865.0	908.0	950.0	995.0
ISSC	76,432.9	82,551.9	89,038.3	94,013.4	98,841.0	102,012.5	104,986.0	107,681.3	109,464.8
Grants	68,813.9	73,327.9	78,204.3	82,563.4	86,771.0	90,312.5	93,356.0	96,211.3	98,354.8
Loans	5,500.0	7,000.0	8,500.0	9,000.0	9,500.0	9,000.0	8,800.0	8,500.0	8,000.0
Operations	2,119.0	2,224.0	2,334.0	2,450.0	2,570.0	2,700.0	2,830.0	2,970.0	3,110.0
Financial Assistance to Privates	7,333.0	7,944.9	8,584.9	9,210.0	9,812.6	10,368.2	10,872.0	11,337.0	11,724.0
Health Ed. Grants to Privates	15,790.0	15,380.0	16,430.0	17,910.0	16,850.0	17,860.0	18,940.0	20,070.0	21,280.0
Higher Ed. Coop. Act	837.0	887.0	940.0	996.0	1,055.0	1,120.0	1,190.0	1,260.0	1,335.0
Board of Higher Ed.	1,148.0	1,200.0	1,260.0	1,325.0	1,390.0	1,460.0	1,530.0	1,600.0	1,680.0
Retirment	36,900.0	45,300.0	53,700.0	62,300.0	70,400.0	78,500.0	86,600.0	94,700.0	102,700.0
IBA Rentals	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4
Total Requirements	$830,557.3	$889,712.2	$963,749.6	$1,025,946.8	$1,094,502.0	$1,151,959.1	$1,209,248.4	$1,245,561.7	$1,319,814.2

Table III-3

Higher Education Operations and Grants, Resource Requirements for FY1977 through FY1985, Series II

(In thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Public Universities	$ 564,014.0	$621,150.0	$ 677,034.0	$ 733,913.0	$ 789,210.0	$ 847,848.0	$ 907,712.0	$ 968,865.0	$1,030,738.0
Community Colleges	113,595.0	121,715.0	131,325.0	141,500.0	152,760.0	163,170.0	173,940.0	184,970.0	196,190.0
Grants	112,900.0	120,975.0	130,530.0	140,650.0	151,850.0	162,200.0	172,900.0	183,860.0	195,000.0
Operations	695.0	740.0	795.0	850.0	910.0	970.0	1,040.0	1,110.0	1,190.0
ISSC	78,300.0	85,625.0	93,540.0	100,140.0	106,800.0	111,940.0	117,075.0	121,915.0	125,970.0
Grants	70,640.0	76,325.0	82,580.0	88,505.0	94,480.0	99,930.0	105,105.0	109,975.0	114,290.0
Loans	5,500.0	7,000.0	8,500.0	9,000.0	9,500.0	9,000.0	8,750.0	8,500.0	8,000.0
Operations	2,160.0	2,300.0	2,460.0	2,635.0	2,820.0	3,010.0	3,220.0	3,440.0	3,680.0
Financial Assistance to Privates	7,470.0	8,240.0	9,070.0	9,900.0	10,770.0	11,600.0	12,400.0	13,160.0	13,870.0
Health Ed. Grants to Privates	15,400.0	16,110.0	17,940.0	20,530.0	20,680.0	22,340.0	24,120.0	26,020.0	28,140.0
Higher Ed. Coop. Act	850.0	920.0	990.0	1,075.0	1,140.0	1,230.0	1,330.0	1,430.0	1,550.0
Board of Higher Education	1,170.0	1,250.0	1,340.0	1,430.0	1,530.0	1,630.0	1,740.0	1,870.0	1,990.0
Retirement	36,900.0	45,300.0	53,700.0	62,300.0	70,400.0	78,500.0	86,600.0	94,700.0	102,700.0
IHA Rentals	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4
Total Requirements	$853,836.4	$936,447.4	$1,021,096.4	$1,106,925.4	$1,189,427.4	$1,274,395.4	$1,361,054.4	$1,449,097.4	$1,537,785.4

Table III-4

Higher Education Operations and Grants, Resource Requirements for FY1977 through FY1985, Series III

(in thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Public Universities	$584,980.0	$655,930.0	$ 727,928.0	$ 803,541.0	$ 880,843.0	$ 962,943.0	$1,050,040.0	$1,141,484.0	$1,236,837.0
Community Colleges	115,695.0	126,270.0	138,760.0	152,285.0	167,440.0	182,190.0	197,820.0	214,275.0	231,430.0
Grants	114,985.0	125,490.0	137,900.0	151,340.0	166,400.0	181,050.0	196,570.0	212,900.0	229,920.0
Operations	710.0	780.0	860.0	945.0	1,040.0	1,140.0	1,250.0	1,375.0	1,510.0
ISSC	80,196.8	88,926.4	98,299.8	106,723.1	115,474.8	122,962.2	130,667.2	138,325.2	145,398.2
Grants	72,496.8	79,436.4	87,199.8	94,883.1	102,884.8	110,592.2	118,247.2	125,835.2	133,048.2
Loans	5,300.0	7,000.0	8,500.0	9,000.0	9,500.0	9,000.0	8,750.0	8,500.0	8,000.0
Operations	2,200.0	2,390.0	2,600.0	2,840.0	3,090.0	3,370.0	3,670.0	3,990.0	4,350.0
Financial Assistance to Privates	7,600.0	8,340.0	9,600.0	10,660.0	11,800.0	12,940.0	14,100.0	15,240.0	15,400.0
Health Ed. Grants to Privates	15,700.0	16,410.0	18,300.0	20,910.0	21,100.0	23,200.0	25,500.0	28,040.0	30,840.0
Higher Ed. Coop. Act	870.0	950.0	1,050.0	1,150.0	1,270.0	1,400.0	1,540.0	1,700.0	1,860.0
Board of Higher Ed.	1,190.0	1,300.0	1,410.0	1,540.0	1,670.0	1,830.0	2,000.0	2,200.0	2,360.0
Retirement	36,900.0	43,300.0	5[illegible],700.0	62,300.0	70,400.0	78,500.0	86,600.0	94,700.0	102,700.0
IBA Rentals	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4	36,137.4
Total Requirements	$879,177.2	$979,663.8	$1,085,185.2	$1,195,246.5	$1,306,135.2	$1,422,102.6	$1,544,404.6	$1,672,061.6	$1,803,962.6

Table III-5

Projected Resource Requirements and Projected Revenue Sources for Public Community Colleges, FY1977 through FY1985, Series I

(in thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Projected Total - Resource Requirements	$ 263,300.0	$ 276,920.0	$ 293,250.0	$ 310,120.0	$ 328,600.0	$ 344,530.0	$ 360,460.0	$ 376,200.0	$ 391,530.0
Projected Total - Revenues	255,517.0	267,246.0	281,135.0	295,468.0	311,075.0	324,905.0	338,658.0	352,160.0	365,185.0
State Grants	111,482.0	117,236.0	124,150.0	131,288.0	139,095.0	145,815.0	152,558.0	159,230.0	165,715.0
Local Revenues	89,990.0	92,700.0	95,475.0	98,340.0	101,290.0	104,330.0	107,460.0	110,680.0	114,000.0
Tuition and Fees	50,045.0	53,310.0	57,510.0	61,840.0	66,690.0	70,760.0	74,640.0	78,250.0	81,470.0
Other	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Possible Revenue Shortfall	$ (7,783.0)	$ (9,674.0)	$ (12,115.0)	$ 14,652.0)	$ (17,525.0)	$ (19,625.0)	$ (21,802.0)	$ (24,040.0)	$ (26,345.0)

Table III-6

Projected Resource Requirements and Projected Revenue Sources for Public Community Colleges, FY1977 through FY1985, Series II

(In thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Projected Total - Resource Requirements	$ 272,350.0	$ 292,890.0	$ 316,000.0	$ 340,510.0	$ 367,620.0	$ 392,700.0	$ 418,620.0	$ 445,160.0	$ 472,030.0
Projected Total - Revenues	259,695.0	275,585.0	294,510.0	314,460.0	336,620.0	356,970.0	378,040.0	399,420.0	421,140.0
State Grants	113,595.0	121,715.0	131,325.0	141,500.0	152,760.0	163,170.0	173,940.0	184,970.0	196,190.0
Local Revenues	98,870.0	94,500.0	98,285.0	102,210.0	106,300.0	110,550.0	115,000.0	119,600.0	124,350.0
Tuition and Fees	31,030.0	55,370.0	60,900.0	66,750.0	73,560.0	79,250.0	85,100.0	90,850.0	96,600.0
Other	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Possible Revenue Shortfall	$ (13,855.0)	$ (17,305.0)	$ (21,490.0)	$ (26,050.0)	$ (31,000.0)	$ (35,730.0)	$ (40,580.0)	$ (45,740.0)	$ (50,890.0)

Table III-7

Projected Resource Requirements and Projected Revenue Sources for Public Community Colleges, FY1977 through FY1985, Series III

(In thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Projected Total - Resource Requirements	$ 283,550.0	$ 308,490.0	$ 339,000.0	$ 372,000.0	$ 409,129.0	$ 445,130.0	$ 483,300.0	$ 523,480.0	$ 565,375.0
Projected Total - Revenues	263,415.0	284,020.0	308,190.0	334,305.0	363,510.0	391,700.0	421,580.0	452,635.0	484,810.0
State Grants	115,695.0	126,270.0	138,760.0	152,285.0	167,440.0	182,190.0	197,820.0	214,275.0	231,430.0
Local Revenues	91,740.0	96,330.0	101,150.0	106,200.0	111,510.0	117,100.0	122,940.0	129,100.0	135,550.0
Tuition and Fees	51,980.0	57,420.0	64,280.0	71,820.0	80,560.0	88,410.0	96,820.0	105,260.0	113,830.0
Other	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0	4,000.0
Possible Revenue Shortfall	$ (20,135.0)	$ (24,470.0)	$ (30,810.0)	$ (37,695.0)	$ (45,619.0)	$ (53,430.0)	$ (61,720.0)	$ (70,845.0)	$ (80,565.0)

Table III-8

Projected Requirements for General Revenue Tax Appropriations,
FY1977 through FY1985, Series I

(in thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Total Resource Requirements for Higher Education	$ 830,557.3	$ 889,712.2	$ 963,749.6	$1,025,946.8	$1,094,502.0	$1,151,959.1	$1,209,248.4	$1,245,541.7	$1,319,814.2
Less Projected Universities Income Fund Revenue	82,747.0	85,765.0	87,582.0	89,035.0	89,878.0	90,035.0	89,646.0	88,700.0	87,115.0
Amount to be Financed by General Revenue Tax Appropriations	747,810.3	803,947.2	876,167.6	936,911.8	1,004,624.0	1,061,924.1	1,119,602.4	1,156,841.7	1,232,699.2
Percent of Total Projected General Revenue Tax Appropriations	17.0	17.1	17.4	17.4	17.5	17.3	17.0	16.6	16.4

Table III-9

Projected Requirements for General Revenue Tax Appropriations,
FY1977 through FY1985, Series II

(In thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Total Resource Requirements for Higher Education	$ 853,836.4	$ 936,447.4	$1,021,096.4	$1,106,925.4	$1,189,427.4	$1,274,395.4	$1,361,054.4	$1,449,097.4	$1,537,285.4
Less Projected Universities Income Fund Revenue	82,747.0	85,765.0	87,582.0	89,035.0	89,878.0	90,035.0	89,646.0	88,700.0	87,115.0
Amount to be Financed by General Revenue Tax Appropriations	771,089.4	850,682.4	933,514.4	1,017,890.4	1,099,549.4	1,184,360.4	1,271,408.4	1,360,397.4	1,450,170.4
Percent of Total Projected General Revenue Tax Appropriations	17.3	17.5	17.6	17.6	17.4	17.2	17.0	16.7	16.3

Table III-10

Projected Requirements for General Revenue Tax Appropriations,
FY1977 through FY1983, Series III

(In thousands of dollars)

	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Total Resource Requirements for Higher Education	$ 879,177.2	$ 979,643.8	$1,085,185.2	$1,195,246.5	$1,306,135.2	$1,422,102.6	$1,544,104.6	$1,672,061.6	$1,803,962.6
Less Projected Universities Income Fund Revenue	82,747.0	85,765.0	87,582.0	89,035.0	89,878.0	90,035.0	89,646.0	88,700.0	87,115.0
Amount to be Financed by General Revenue Tax Appropriations	796,430.2	893,898.8	997,603.2	1,106,211.5	1,216,257.2	1,332,067.6	1,454,458.6	1,583,361.6	1,716,847.6
Percent of Total Projected General Revenue Tax Appropriations	17.5	17.7	17.8	17.8	17.6	17.4	17.1	16.8	16.4

The projected revenues for the Universities Income Fund shown in these tables are based on the projected growth in enrollment for public universities through Fiscal Year 1985. No inflation rates were applied to these income projections.

A complete projection of total State general revenue taxes for the planning period was not available from any other source in State government. For purposes of this study, it was necessary to have such a projection so that a complete picture of higher education resource requirements could be presented. In the past, growth in State general revenue tax receipts has been responsive to inflationary trends. Recently, rates of revenue growth actually have exceeded inflation rates. For projection purposes, it was assumed that general revenue tax receipts will grow at an annual rate of one percent above the rate of inflation. Thus, if a 6 percent rate is projected, State general revenue tax receipts will grow at a rate of 7 percent.

Table III-11 shows projected State general revenue tax receipts through 1985 using the three projection series. These projections are based on the assumptions that there will be no new taxes nor any major changes to the existing taxing structure. The only assumption reflected in the projection is that general revenue tax receipts will continue to grow in proportion to the rates of inflation.

Discussion of Projections

For purposes of discussing the resource requirement projections, Fiscal Years 1977, 1980 and 1985 are selected for each of the projection series.

For projection series I (6 percent inflation), higher education faces a possible revenue deficit of almost $30 million in Fiscal Year 1977. The revenue deficit is the difference between the amount of resources required for higher education and the amount of state funds available if higher education receives 16.38 percent of state revenues. The revenue deficits for projection series I (6 percent inflation) are shown on Table III-12.

By Fiscal Year 1980, the revenue deficit will grow to more than $57 million. By 1985, the projected revenue deficit will disappear. The disappearance of the revenue deficit is due to the type of projection technique used. As has been described earlier, the projections are based primarily on enrollment levels. Thus, when enrollments increase as they are projected to do through Fiscal Year 1982, resource requirements increase. However, when enrollments decline as they are projected to do in the mid 80's, resource requirements decrease. Thus, the projections for Fiscal Year 1985 imply that higher education will take the steps required to reduce resource requirements relative to the projected enrollment declines. These steps will be most difficult in view of the fact that higher education institutions are labor intensive and that larger numbers of existing faculty are being granted life-time tenure.

Table III-11

Projected State General Revenue Tax Appropriations,
FY1977 through FY1985

(In thousands of dollars)

	General Tax Revenues								
	FY1977	FY1978	FY1979	FY1980	FY1981	FY1982	FY1983	FY1984	FY1985
Projection Series									
Rates of Inflation									
I. 6 Percent	$4,390,000.0	$4,694,100.0	$5,022,700.0	$5,374,300.0	$5,750,500.0	$6,153,000.0	$6,584,000.0	$7,045,000.0	$7,537,700.0
II. 8 Percent	4,469,000.0	4,871,200.0	5,309,600.0	5,787,500.0	6,308,400.0	6,876,200.0	7,495,100.0	8,170,000.0	8,905,000.0
III. 10 Percent	4,351,000.0	5,051,600.0	5,607,300.0	6,224,100.0	6,908,800.0	7,668,800.0	8,512,400.0	9,448,800.0	10,488,200.0

Table III-12

Analysis of Projected Resource Requirements,
Selected Years, FY1977, FY1980 and FY1985, Series I

(in thousands of dollars)

	FY1977	FY1980	FY1985
Total Resource Requirements for Higher Education	$ [illegible]7.3	$1,025,946.8	$1,319,814.2
Less Projected Universities Income Fund Revenue	82,747.0	89,035.0	87,115.0
Amount to be Financed by General Revenue Tax Appropriations	747,810.3	936,911.8	1,232,699.2
Amount of General Revenue Tax Appropriations Available to Higher Education at 16.38 Percent of Projected Total Revenues	719,080.0	880,310.0	1,234,680.0
Possible Revenue Deficit for Higher Education	28,730.3	56,601.8	- 0 -

Table III-13 shows the impact on revenues under projection series II (8 percent inflation). Based on economic conditions today, this appears to be the most realistic projection series of the three used.

Table III-13

Analysis of Projected Resource Requirements, Selected Years, FY1977, FY1980 and FY1985, Series II

(in thousands of dollars)

	FY1977	FY1980	FY1985
Total Resource Requirements for Higher Education	$ 853,836.4	$1,106,925.4	$1,537,285.4
Less Projected Universities Income Fund Revenue	82,747.0	89,035.0	87,115.0
Amount to be Financed by General Revenue Tax Appropriations	771,089.4	1,017,890.4	1,450,170.4
Amount of General Revenue Tax Appropriations Available to Higher Education at 16.38 Percent of Projected Total Revenues	732,020.0	947,990.0	1,458,640.0
Possible Revenue Deficit for Higher Education	39,069.4	69,900.4	- 0 -

Under this projection series, the revenue deficit for higher education will be almost $40 million in Fiscal Year 1977. Under this projection more than $80 million new general revenue appropriations would be required in Fiscal Year 1977 over the amount allocated in Fiscal Year 1976. By Fiscal Year 1980, the deficit is projected to be almost $70 million. The projections show that the revenue deficit disappears in Fiscal Year 1985. But again, this is due to the projection technique used which is based heavily on projected enrollments. Therefore, as enrollments decline, projected resource requirements decline accordingly.

Projection series III (10 percent inflation) is shown in Table III-14. Under this series, the deficit will be more than $50 million in Fiscal Year 1977 and will increase to nearly $90 million by Fiscal Year 1980. Again by Fiscal Year 1985, the projection series shows that

revenue and resource requirements are nearly matched in Fiscal Year 1985. For Fiscal Year 1977, a total increase of more than $100 million new general revenue fund appropriations over Fiscal Year 1976 would be required.

Table III-14

Analysis of Projected Resource Requirements, Selected Years, FY1977, FY1980 and FY1985, Series III

(in thousands of dollars)

	FY1977	FY1980	FY1985
Total Resource Requirements for Higher Education	$ 879,177.2	$1,195,246.5	$1,803,962.6
Less Projected Universities Income Fund Revenue	82,747.0	89,035.0	87,115.0
Amount to be Financed by General Revenue Tax Appropriations	796,430.0	1,106,210.0	1,716,850.0
Amount of General Revenue Tax Appropriations Available to Higher Education at 16.38 Percent of Projected Total Revenues	745,450.0	1,019,500.0	1,717,900.0
Possible Revenue Deficit for Higher Education	50,980.0	86,710.0	- 0 -

This final projection series shows the impact of double-digit inflation levels on resource requirements. The impact of recent high rates of inflation has been shown in the earlier section of this report which surveys historical trends in financing higher education in Illinois.

Sensitivity of the Projections

Some will argue that a change in the distribution of the projected enrollments among the three sectors would greatly reduce the revenue deficit. Analysis indicates that while there would be a shift in resource requirements by sector, there in fact would not be a substantial difference in total resources required. For example, if enrollments at public universities and private institutions were to remain stable at current levels, and all projected enrollment increases were to occur in the community college sector, State financed resource

requirements for public universities would be reduced by approximately $38 million in Fiscal Year 1980. Total resource requirements for these additional enrollments at community colleges would be around $46 million. These additional enrollments would add to the already large projected revenue shortfall for the community colleges. Assuming the State would have to finance a considerable share of the additional resources required, the impact of this change in enrollments would be no more than a $2 or $3 million reduction to projected State resource requirements. In view of the projected total State resource requirements of more than $1 billion, this represents a very modest change to the projection. Such a change is clearly within the margin of error that can be anticipated from projections of this sort.

In conclusion, substantial revenue deficits for higher education are projected. Dealing with these projected deficits is probably the most difficult challenge ahead for higher education. This challenge is the topic of the next chapter.

IV. FINANCING ISSUES FOR THE FUTURE

Substantial revenue deficits are projected for higher education, as described in the previous chapter of this report. However, these resource requirement projections are based on the assumption that no major changes will be made to the existing state of higher education. If certain changes are made, additional resource requirements will result. These additional requirements will add to the projected revenue deficit for higher education described in the previous section.

Additional Resource Requirements

Community College Revenue Shortfall

In Chapter III Tables III-5 through 7 show the total resource requirements and projected revenues for community colleges. These tables also show a potential revenue shortfall under each of the projection series, caused by the failure of local tax revenue to keep pace with inflation and growing enrollments. This revenue shortfall was described in detail in the Committee Report on Financing Public Community Colleges. In projection series I (6 percent inflation) the potential revenue shortfall for public community colleges will be $7.7 million in FY1977. By FY1985, the revenue shortfall will grow to more than $26.3 million. Under projection series II (8 percent inflation), the revenue shortfall in FY1977 will be $13.8 million, but it would increase to more than $50. million by FY1985. None of this shortfall is included in the projected state resource requirements for higher education presented in the previous chapter. If the State is to provide funds to assist in meeting this shortfall, additional resources will be required. For example, if the State meets half of the revenue shortfall in FY1977, an additional $6 to $7 million will be required under projection series II (8 percent inflation).

It is probable that the revenue shortfall for the community colleges will not be eliminated by any single course of action. It will require a combination of steps and efforts by the State and the community colleges. In addition to State assistance the shortfall may be reduced through productivity increases beyond those already assumed, modification, consolidation or elimination of high cost programs to increase local taxes where voter support may be obtained, and/or increased tuition charges and other user fees for services which now are provided without charge or for an unusually low fee. While the appropriate steps to conserve resources will vary from campus to campus, actions such as these combined with growth in state assistance will be necessary to balance the budget in community colleges.

Retirement Funding

Another potential source of additional resource requirements not included in the projection series is the State University Retirement

System. Currently the State provides funding sufficient to cover the State's share of benefit payments to those retired while incurring an obligation to pay future retirement benefits to current employees. Under a full funding plan, the full amount of the employer obligation for each current employee would be paid annually. Most of the contributions would be invested and paid as benefits to employees retiring in the future. The Illinois Pension Laws Commission has recommended a retirement financing plan which would have the State phase into a full funding program over a period of years. Under this plan, an additional 1 percent of personal services for employees covered by the University Retirement System would be provided each year until full funding is reached. Such a funding plan would stabilize the amount of obligations, which under the existing funding practices are growing by substantial sums each year. This plan would require substantial new State resources. Table IV-1 shows the estimate of additional resource requirements to implement this financing plan. These estimates are based on projected levels of personal services expenditures at the public universities and community colleges at a 6 percent inflation rate.

Table IV-1

Resource Requirements for Stabilizing Funding of State University Retirement System

	Total Additional Amounts Required	Annual Increments
FY1977	$ 12.9 million	
FY1978	20.6	$ 7.7 million
FY1979	29.7	9.1
FY1980	39.3	10.0
FY1981	50.4	11.1
FY1982	61.9	11.5
FY1983	74.0	12.1
FY1984	87.1	13.1
FY1985	100.9	13.8

These requirements also have not been included in the projections described in Chapter III.

New Building Maintenance

Based on current data available from public universities, nonresidential buildings under construction or planned for construction in the immediate future total approximately 3 million gross square feet. Operation and maintenance funding for these buildings will require a minimum addition of 6 million dollars. This is new space already planned and approved by the appropriate agencies. These estimated additional resource requirements do not include an allowance for inflation. There will probably be additional resource requirements for

operating support to non-residential space which has not yet been planned or approved for construction. These facilities could be operational by FY1985, thus requiring additional operation and maintenance support.

Support for Nonpublic Higher Education

The Nonpublic Advisory Committee has recommended that the recommendations of the study on Nonpublic Higher Education in Illinois be revised to include the following.

1. Funding the Illinois Financial Assistance Act at an annual amount of $13 million. The current funding level for FY1976 is about $6.8 million. Based on this recommendation support for this program would be inflated from a base of $13 million. This recommendation would require an additional $6 million in funding support.

2. Increasing the ISSC maximum monetary award to $2,000. Increasing the maximum ISSC award to $2,000 would require an estimated $9 million over current projections.

Both of these amounts would increase with inflation over time.

New Program Requests

New and expanded program requests for public universities have been ranging between $5 to $6 million annually. Additional resources would be required to finance new educational technology such as educational TV. Annual operating costs for a statewide public educational TV network would probably range from $7 to $10 million. These amounts do not include estimated capital requirements.

These are some of the additional resource requirements not included in the projections outlined in Chapter III. These additional requirements will increase the revenue deficit described in Chapter III. The impact of these additional resource requirements on the revenue deficits of projection series II (8 percent inflation) is shown in Table IV-2.

For FY1977, the potential impact of these additional resource requirements could go as high as $42 million. By FY1980, if all of these additional resource requirements were to be funded, the revenue deficit would increase from $70 million to more than $162 million. These estimates help convey the scope of the financial problem with which higher education will be faced in the coming decade.

Reducing the Revenue Deficit

This section will discuss ways to reduce the revenue deficit. In some cases, the potential resource requirement impact can be identified.

Table IV-2

Additional Resource Requirements for Higher Education and Impact on Projected Revenue Deficit

(in millions of dollars)

	FY1977	FY1980	FY1985
Revenue Deficit for Higher Education under Projection Series II (8 percent inflation)	$ 39.1	$ 69.9	-
Partial State Funding of Community Colleges Revenue Shortfall under Projection Series II (8 percent inflation)	6.0	13.0	25.0
Additional Funding for State University Retirement System	12.9	39.3	100.9
Operating Support for New Buildings Under Construction or Planned for Construction	1.0	6.7	9.4
Additional Funding Recommended for Nonpublic Higher Education (8 percent inflation)	16.0	20.2	29.6
New and Expanded Program Requests from Public Universities	5.0	6.5	9.1
Establishment of a Statewide Ed. TV Network	2.0	7.0	10.0
Total Additional Resource Requirements	42.9	92.7	184.0
Total Revenue Deficit	$ 82.0	$162.6	$184.0

In other cases, it is impossible to indicate the potential impact of suggested deficit reduction measures on resource requirements. The fact that a program or activity is included in this section is no way a suggestion that it should be discontinued. It is included as an item, which is to be reviewed carefully as priorities of higher education are reassessed. All of the areas will involve questions of policy.

Planning and Management for Growth and Decline

According to the resource requirement projections, higher education faces an era of scarce resources through fiscal year 1980, but in the early 1980's enrollments are projected to decline. These enrollment declines will reduce resource requirements. However, higher education will not be able to adjust its resource requirements relative to the enrollment declines without careful long-range planning. In effect, higher education must plan now for the enrollment declines of the 1980's while at the same time absorbing the gradual enrollment increases projected for the period 1977 through 1982.

One possible way to prepare for decreased enrollments is to use the existing productive capacity to its maximum. Rather than adding new faculty for the small enrollment increases projected in the interim period, the productivity of existing faculty can be increased to accommodate the new enrollments. Rather than expanding campus facilities at some locations to accommodate new enrollments, it may be necessary to consider policies which encourage enrollments at those campuses which are currently under utilized. All of these steps will require more effective planning and management by higher education institutions and agencies.

While the projections described in Chapter III were based on an assumption of productivity gains, they will not be realized without careful planning and management. The projections assumed that a one percent productivity would be realized during the planning period. It may be necessary to achieve even greater productivity gains than those included in the resource requirement projections if the revenue deficit is to be closed. For institutions, productivity is increased essentially by increasing the student - to - faculty ratios. In other agencies of higher education, other measures will have to be found to achieve productivity gains.

Since enrollments are projected to grow through 1980, but decline thereafter, higher education could accomplish significant productivity gains by absorbing the new enrollments with little or no new resources. The projection model used assumes that new resources equivalent to one/half the average costs would be required for new enrollments. Reducing the rate of marginal cost to twenty-five percent of the average costs would in fact result in productivity gains.

Resource Reallocation

Higher education programs and activities must be adjusted to meet constantly changing needs and conditions. In a period of scarce resources, institutions may have to start new programs and activities without additional financial resources. This can be accomplished by stopping or phasing down those programs and activities for which there is a lower priority. The resources from these discontinued or reduced activities and programs could then be reallocated to support new programs and activities. This will require that institutions review existing academic and administrative support programs and activities.

The review of existing programs should include the consideration of resources generated or not generated by a program as well as an examination of the value of the program and its cost. For example, institutional tuition waivers for graduate students in public universities now exceed $6 million. The extent of these waivers should be examined in view of the high cost of graduate education, the decreasing demand for Ph.D.'s and the significant public subsidies already provided for graduate education. A reduction in the number of tuition waivers granted to graduate students in certain programs could produce revenue for higher priority needs.

The resource requirement projections described in Chapter III did not include additional funds for expanding programs or initiating new programs except for continued health program expansion. In an earlier section of this chapter, it was indicated that approximately $5 to $6 million annually probably will be requested for initiation of new programs and for the expansion of existing programs. Reallocation of resources from existing programs and activities could provide the resources necessary to meet these additional requirements as well as resources to offset project deficits.

State Supported Research

Currently, more than $18 million in state appropriated funds are allocated to support organized research activities. In some cases, this financial support is not matched or supplemented by non-appropriated sources of funds. In an era of scarce resources, these State funded research efforts will have to be reviewed to determine what benefits are being provided to the Illinois public. External sources or state funds for research projects related to specific public needs should assume greater importance.

Public Service Programs

In FY1975, public universities allocated almost $13 million in direct support to public service programs. These amounts not include the resources required to support countless public service activities by faculty and administrators. Higher education institutions have historically provided special services to the public.

Public service programs and activities should be reviewed and a determination made regarding their appropriateness as a higher education endeavor. If another public agency has been established and funded to provide a public service, higher education should not be providing the same service. Other programs and activities may be more appropriately carried on in other private or public agencies.

Subsidies to Auxiliary Enterprises

Many public institutions currently operate auxiliary enterprises such as student unions, housing units, cafeterias, bookstores, university presses, parking facilities and similar enterprises. For the most part, these enterprises are supported financially by fee revenue which is collected from the user of the facilities or services. However, there are direct and indirect State funded subsidies to these operations. These subsidies are provided in various forms such as paying utility bills, providing police and fire protection, paying debt servicing costs and supporting general administrative overhead expenditures. As higher education faces an era of scarce resources, it may be necessary to review State funded subsidies. This topic is closely relatnd to user fees, but it is an area which deserves special comment.

User Fees

Currently universities and colleges offer many special services to the public. Some of these special services are financed, wholly or in part, by fees charged to users. A review of all higher education programs and activities should be made to determine whether or not user fees can be charged to defer some or all of the expenses of rendering the services. In cases where user fees are currently being charged, it may be necessary to consider increases so that more of the costs may be covered by fee revenue. Where feasible user fees should cover all costs of providing the special services, both direct and indirect. Examples of special services which could be financially supported by user fees include:

-- Special institutes, lectures, conferences and seminars.
-- Noncredit courses for intellectual and cultural improvement.
-- Campus parking for faculty and administrators.
-- Bulletins, periodicals and publications.
-- Public broadcast services.
-- Other services to government agencies, private businesses and individuals.

Tuition at Public Universities

The Tuition Study Committee has recommended that tuition charges at public universities be increased. The Committee Report contains an outline of a plan for increasing tuition rates to one/third of undergraduate instructional costs. The Committee further recommends that

graduate tuition rates be increased to a level 133 1/3 percent of undergraduate tuition rates. In the projections described in Chapter III of this Report, no tuition increases by public universities are included. As a result the tuition rates at public universities used in the projections decline relative to the rates charges by public community colleges and private colleges and universities.

The Tuition Study Committee has recommended that the proposed tuition policy be implemented by FY1980. The undergraduate tuition rates shown in the table IV-3 are 1/3 of the projected undergraduate instructional costs. The graduate tuition rates are 133 1/3 percent of the undergraduate tuition rates. Tuition rates for students of medicine, dentistry and veterinary medicine programs follow the Tuition Study Committee's recommendation.

Implementation of the recommended tuition policy will increase the amount of revenue available to the universities income fund. To make these revenue projections, it was assumed that tuition rates will be increased gradually towards the levels required by FY1980. Under this plan, the undergraduate tuition rate increases would not exceed $60 for any of the four years. Graduate tuition increases will average a little more than $100 annually for the four-year period. The tuition rates by academic level used to project the increased amounts for the universities income fund are shown in Table IV-3.

Table IV-3

Projected Tuition Rates to
Achieve Recommended Tuition Policy by FY1980
(assuming 8% inflation)

Academic Level/ Program Area	Current Rates Averaged	Fiscal Years 1977	1978	1979	1980
Undergraduate	437	$ 485	$ 535	$ 590	$ 640
Graduate	437	575	645	715	785
Medicine	656	1,250	1,380	1,520	1,650
Dentistry	606	900	995	1,100	1,195
Veterinary Medicine	496	750	830	915	995

The estimated amount of additional revenue resulting from these tuition increases is shown in Table IV-4 below. These additional amounts would be available for each of the years shown.

Table IV-4

Estimated Additional Revenue Resulting
From Tuition Rate Increases

(in million of dollars)	Fiscal Years 1977	1978	1979	1980
Universities Income Fund Revenue From Tuition Increases	$ 92.2	$103.9	$116.1	$127.5
Projected Universities Income Fund Under Current State Projection	82.7	85.8	87.6	89.0
Additional Revenue-Cummulative	9.5	18.1	28.5	38.5

The Tuition Study Committee has also recommended that student aid programs be increased "to offset the impact of any proposed tuition increases on financially needy students." Based on data provided by the Illinois State Scholarship Commission, it is estimated that the following additional State resource requirements are needed to offset the effects of the tuition increase for each of the years.

Table IV-5

Estimated Additional State Resource Requirements
For The ISSC Programs

Fiscal Year	Additional Resource Requirements For ISSC
1977	$2.1 million
1978	4.0 million
1979	6.1 million
1980	8.0 million

Even with the additional net revenues resulting from the recommended tuition increases, a substantial revenue deficit remains

The ISSC estimates are based on the assumption that the scope of its programs will not change. Therefore, the ISSC estimates assume that other forms of financial assistance will continue to be available to offset the impact of the other student costs. The net revenues generated by a tuition increase after considering the additional requirements of ISSC are shown on the following table.

Table IV-6

Net New Revenues Resulting
From The Proposed Tuition Rate Increases

(in million of dollars)	Fiscal Years 1977	1978	1979	1980
New Revenue Resulting From Tuition Increase	$ 9.5	$18.1	$28.5	$38.5
State Resource Requirements For ISSC	2.1	4.0	6.1	8.0
Net New Revenues-Cummulative	7.4	14.1	22.4	30.5

While increasing tuition rates at the public universities will generate significant new sums of revenue, they cannot eliminate the revenue deficit under projection series II.

Table IV-7

Revenue Deficit After Tuition Rate
Increases, Projection Series II (8 percent inflation)

	FY1977	FY1978	FY1979	FY1980
Revenue Deficit Before Tuition Increase	$39.1	$52.8	$63.8	$69.9
New Additional Revenue Resulting From Increased Tuition	7.4	14.1	22.4	30.5
Remaining Revenue Deficit	31.7	38.7	41.4	39.4

Increased State Tax Support

The historical expenditure data reviewed in Chapter II showed that higher education's percentage share of total State general revenue tax appropriations has varied from year to year. However, in recent years this level of general revenue tax support to higher education has been relatively stable at a little more than 16 percent of total general revenue appropriations. The revenue deficits projected in Chapter III were based on an allocation of 16.38 percent of total general revenue tax funds to higher education. While higher education can implement many measures to conserve and reallocate resources, a combination of actions will be necessary to reduce the projected revenue deficit. Increasing the level of State general revenue tax support to higher education is clearly another possible measure for reducing the projected revenue deficit.

Reassessment of Priorities

In a sense, all of the above suggestions call for a reassessment of priorities. This process must start at the level of campuses and agencies and continue to the governing board and coordinating board levels. In a time of scarce resources, it is even more essential to have clearly defined priorities. What can and should be done with a given level of resource support? Is the existing mix of undergraduate, graduate, vocational, and professional programs appropriate to the needs and priorities of the public? Is the level of public expenditure required by individual programs justified by their value to the public? Clearly defined priorities are at the heart of an effective planning process.

Reassessment of priorities should not stop with the higher education community. The people of Illinois, the Governor, and the General Assembly should reassess statewide priorities. What does the State of Illinois want to accomplish and how much can be supported financially? On the statewide level, higher education must be evaluated along with all other state supported services.

We are confident that from such an evaluation higher education will continue to receive financial and programmatic support from the citizen of Illinois.